

**BENSON UNIFIED
SCHOOL DISTRICT NO. 9**

Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2009

BENSON UNIFIED SCHOOL DISTRICT NO. 9

BENSON, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Issued by:
Business and Finance Department

BENSON UNIFIED SCHOOL DISTRICT NO. 9

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INTRODUCTORY SECTION

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Benson Unified School District #9
360 S. Patagonia St, Benson AZ 85602
Phone: (520) 586-2213
Fax: (520) 586-2506

December 8, 2009

Citizens and Governing Board
Benson Unified School District No. 9
360 S. Patagonia Street
Benson, Arizona 85602

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Benson Unified School District No. 9 (District) for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE DISTRICT

The District is one of 24 public school districts located in Cochise County, Arizona. It provides a program of public education from kindergarten through grade twelve, with an estimated current enrollment of 953 students.

The District's Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenditures/expenses.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools. The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing

board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, auxiliary operations, athletic functions, and sponsorship of the San Pedro Valley High School Charter School.

Benson Unified School District No. 9 is located in the San Pedro Valley of southeastern Arizona. The Benson High School was founded in 1914 to serve Benson, Pool, Dragoon and Pomerene Grammar School Districts. Benson offers close proximity to several scenic areas and historic sites. Kartchner Caverns State Park, which opened in November 1999, is located just south of the city. Chirachahua National Monument, Fort Bowie National Historic Site, and the historic towns of Bisbee and Tombstone are close by.

The annual expenditure budget serves as the foundation for the District's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual expenditure budget approved by the District's Governing Board. The expenditure budget is prepared by fund for all Governmental Funds, and includes function and object code detail for the General Fund and some Special Revenue and Capital Projects Funds. The legal level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the individual fund level for all funds. Funds that are not required to legally adopt a budget may have overexpenditures of budgeted funds. The budget for these funds is simply an estimate and does not prevent the District from exceeding the budget as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue; therefore, a deficit budgeted fund balance may be presented. However, this does not affect the District's ability to expend monies.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. Tourism plays an important role in the Benson and greater San Pedro Valley area economics. With the opening of Kartchner Caverns State Park in November 1999, the area is benefiting from increased tourism. At an average monthly visitor rate of 15,884 persons in the first year of operations, Kartchner Caverns has exceeded its estimated projection of 150,000 visitors annually by more than 40,000 at 190,600 people. Several new businesses have opened and more construction is planned. In November of 2006, Wal-Mart opened its doors in Benson, which is bringing additional tax revenue to the City of Benson.

Other small businesses have opened in the last 18 months including a Subway and a Quiznos.

Also Benson is now home to a solar park to help bring more jobs to the Benson area and make it an attractive option for outside businesses.

The moderate climate of the Benson area has encouraged a growing popularity and recognition of Benson as a retirement community as well as a destination for tourists and winter visitors. The close proximity to Tucson (50 miles) also makes the area ideal for people working in Tucson who value the small-town atmosphere.

US Census 2000 reports show the population within the Benson city limits at 4,711 residents. The 2000 population figure represents a growth of 23.2% over the past ten years, making the city the 47th fastest growing city among the 87 incorporated areas in Arizona. While the increase in population has had a positive economic effect on the community, the District has had no corresponding growth in the student population. However, a recent demographic study paid for by the District does project significant growth in the school population over the next 7 years.

Long-term planning. Due to the slump in the construction business, many of the anticipated housing developments scheduled have been put on hold. Although a new 70 unit subsidized apartment complex opened last year.

The District presently owns two sites, a 60-acre site that houses a Pre K-4 primary school, a grades 5-8 middle school and grades 9-12 high school. The second site is a one-acre site located in Dagoon, which is about fifteen miles east of Benson. This site consists of a one-room building that has traditionally been leased to the Dagoon Women's Club.

The Benson 60-acres has approximately \$16,000,000 worth of buildings and improvements. The Dagoon site has approximately \$30,000 worth of buildings and improvements.

Future sites should be acquired east of Highway 90 in the Skyline/J-Six area. At some future date consideration will be given to acquire a site north of the city along Ocotillo Road.

Major Initiative of the District. The District is currently completing Phase I of a bond building project that will see approximately \$7 million in improvements to the District. These improvements include a new roadway that provides improved public access to facilities, a dining auditorium to replace the current cafeteria, a new field house, concession stand and public restrooms at the athletic complex, and a gym lobby. These projects were initiated in May of 2009 and are expected to be fully completed by February of 2010. Phase II which will address improving and replacing academic classrooms is expected to start in late 2010 or early 2011 and will have a budget of about 3 million dollars.

In addition, the district is making a push to improve the use of technology across the district and is directing additional federal stimulus grant monies towards this initiative. This includes providing a wireless bubble over the district, providing certificated staff and advanced students with laptops, installing computer projectors in classrooms, purchasing digital instructional systems and upgrading software. This was started during the current school year and will continue through 2010- 11.

AWARDS AND ACKNOWLEDGMENTS

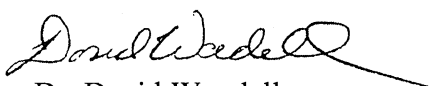
Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the eighth year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2008. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year 2008-09 certificates.

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the business and finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Governing Board of the District, preparation of this report would not have been possible.

Respectfully submitted,



Dr. David Woodall
Superintendent



Connie Ayres
Business Finance Manager

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

BENSON UNIFIED SCHOOL DISTRICT NO. 9

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2008**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Angeh Pituman

President

John D. Musso

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Benson Unified School
District No. 9, Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

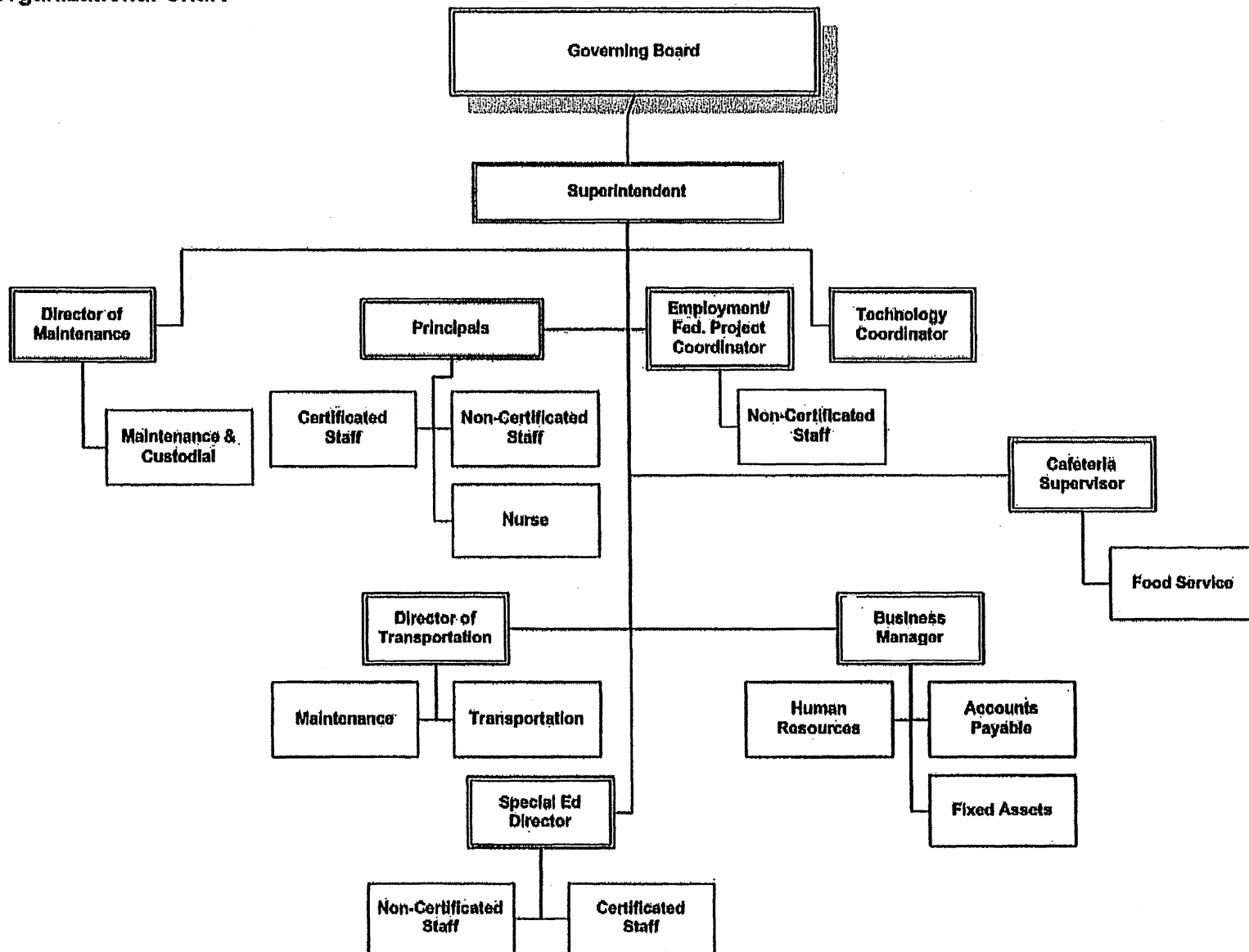


President

Executive Director

Benson Unified School District #9

Organizational Chart



BENSON UNIFIED SCHOOL DISTRICT NO. 9

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Frank “Chic” Maldonado
President

Robert Bernal
Clerk

Bradley Cherry
Member

John “Jack” Comaduran
Member

Kelly Johnson
Member

ADMINISTRATIVE STAFF

Dr. David Woodall, Superintendent

Connie Ayres, Business Manager

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FINANCIAL SECTION

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HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Tucson, Arizona 85704
Tel (520) 742-2611
Fax (520) 742-2718

INDEPENDENT AUDITORS' REPORT

Governing Board
Benson Unified School District No. 9

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Benson Unified School District No. 9 (District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

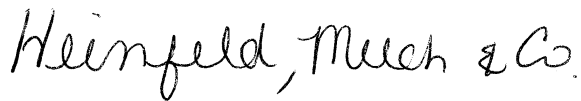
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Benson Unified School District No. 9, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2009, on our consideration of the Benson Unified School District No. 9's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 14 and budgetary comparison information on pages 46 and 47 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Heinfeld, Meech & Co.".

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

December 8, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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BENSON UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009

As management of the Benson Unified School District No. 9 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the current fiscal year. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net assets of governmental activities decreased \$289,786 million which represents a one percent decrease from the prior fiscal year.
- General revenues accounted for \$8.0 million in revenue, or 79 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2.1 million or 21 percent of total current fiscal year revenues.
- The District had approximately \$10.4 million in expenses related to governmental activities, an increase of 11 percent from the prior fiscal year primarily as a result of an increase of approximately 7 percent in average daily membership.
- Among major funds, the General Fund had \$6.0 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$6.4 million in expenditures. The General Fund's fund balance decrease from \$2.5 million at the prior fiscal year end to \$2.1 million at the end of the current fiscal year was primarily due to the utilization of fund balance to fund current year expenditures due to a decrease in state equalization funding.
- The Bond Building Fund had \$150,569 in current fiscal year revenues and \$1.8 million in expenditures, primarily related to the commencement of a cafeteria renovation. The Bond Building Fund's fund balance decreased \$1.8 million to \$4.5 million at fiscal year end due to the utilization of fund balance for the construction of cafeteria and athletic facilities.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues. The governmental activities of the District include instruction, support services, operation and maintenance of plant services, student transportation services, operation of non-instructional services, and interest on long-term debt.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Debt Service, and Bond Building Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, fiduciary funds do not have a measurement focus.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund as required supplementary information.

**BENSON UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$19.6 million current fiscal year end.

The largest portion of the District's net assets (78 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net assets (10 percent) are restricted by statute for the specified purposes of debt service repayment and capital outlay investment.

The following table presents a summary of the District's net assets for the fiscal years ended June 30, 2009 and June 30, 2008.

	As of June 30, 2009	As of June 30, 2008
Current and other assets	\$ 11,101,488	\$ 12,388,288
Capital assets, net	16,446,499	14,771,146
Total assets, net	<u>27,547,987</u>	<u>27,159,434</u>
Current liabilities	1,354,878	261,712
Long-term liabilities	6,583,295	6,998,122
Total liabilities	<u>7,938,173</u>	<u>7,259,834</u>
Net assets:		
Invested in capital assets, net of related debt	15,352,320	14,262,864
Restricted	1,938,763	1,922,416
Unrestricted	2,318,731	3,714,320
Total net assets	<u>\$ 19,609,814</u>	<u>\$ 19,899,600</u>

BENSON UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

At the end of the current fiscal year the District reported positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Assets.

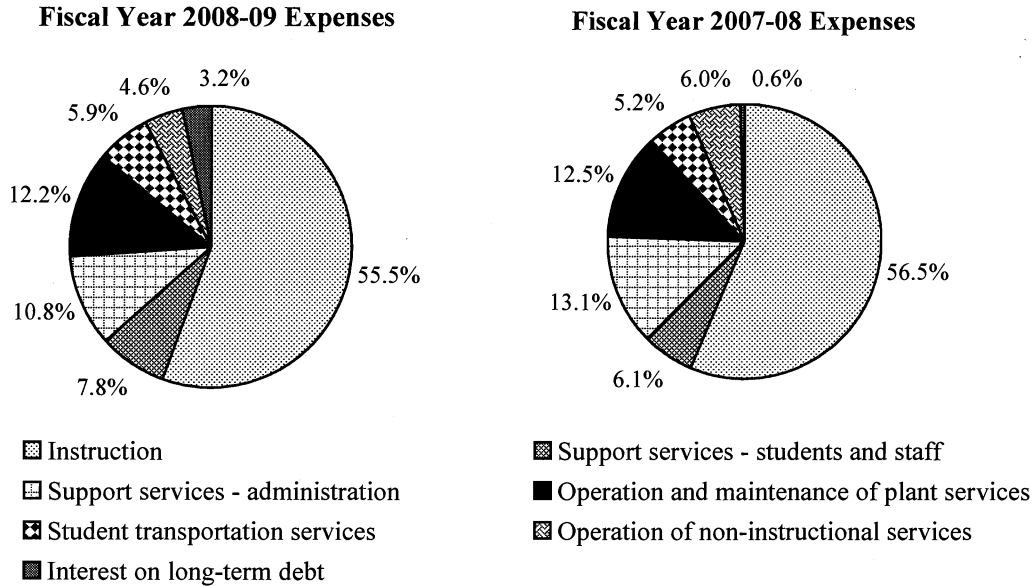
- The principal retirement of \$430,000 of bonds.
- The addition of \$2.4 million of capital assets through the construction of a cafeteria and gymnasium.

Changes in net assets. The District's total revenues for the current fiscal year were \$10.1 million. The total cost of all programs and services was \$10.4 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2009 and June 30, 2008.

	Fiscal Year Ended <u>June 30, 2009</u>	Fiscal Year Ended <u>June 30, 2008</u>
Revenues:		
Program revenues:		
Charges for services	\$ 802,538	\$ 729,293
Operating grants and contributions	1,217,343	1,150,670
Capital grants and contributions	66,575	19,954
General revenues:		
Property taxes	3,796,242	3,785,046
Investment income	268,107	210,321
Unrestricted county aid		741
Unrestricted state aid	3,927,555	4,509,900
Unrestricted federal aid		5,000
Total revenues	<u>10,078,360</u>	<u>10,410,925</u>
Expenses:		
Instruction	5,749,233	5,276,390
Support services – students and staff	804,522	570,586
Support services – administration	1,119,499	1,226,320
Operation and maintenance of plant services	1,269,082	1,167,940
Student transportation services	615,847	487,109
Operation of non-instructional services	476,938	565,055
Interest on long-term debt	333,025	51,616
Total expenses	<u>10,368,146</u>	<u>9,345,016</u>
Change in net assets	<u>\$ (289,786)</u>	<u>\$ 1,065,909</u>

**BENSON UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)



The following are significant current year transactions that have had an impact on the change in net assets.

- State aid decreased \$582,345 primarily due to a 50 percent reduction in the District's May 15 state equalization payment pursuant to Laws 2008 Chapter 287 and Laws 2009 Chapters 5 and 6.
- Support Services – students and staff increased \$233,936 due to increased staffing and purchases of support service supplies.
- Student transportation services increased \$128,738 primarily due to additional positions in transportation and increased upkeep of an aging fleet of buses and vehicles.
- Operation of non-instructional services decreased \$88,177 due to a decrease in salary overhead and better cost management of the department.
- Interest on long-term debt increased \$281,409 due to the issuance of bonds during the prior fiscal year for which payments were due in the current fiscal year.

The following table presents the cost of the seven major District functional activities: instruction, support services – students and staff, support services – administration, operation and maintenance of plant services, student transportation services, operation of non-instructional services and interest on long-term debt. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

**BENSON UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

	Year Ended June 30, 2009		Year Ended June 30, 2008	
	Total	Net (Expense)/ Revenue	Total	Net (Expense)/ Revenue
	Expenses		Expenses	
Instruction	\$ 5,749,233	\$(4,468,239)	5,276,390	\$(4,042,148)
Support services – students and staff	804,522	(638,003)	570,586	(460,277)
Support services – administration	1,119,499	(1,055,068)	1,226,320	(1,181,315)
Operation and maintenance of plant services	1,269,082	(1,109,479)	1,167,940	(1,082,255)
Student transportation services	615,847	(615,847)	487,109	(478,428)
Operation of non-instructional services	476,938	(62,029)	565,055	(149,060)
Interest on long-term debt	333,025	(333,025)	51,616	(51,616)
Total	\$ 10,368,146	\$(8,281,690)	9,345,016	\$(7,445,099)

- The cost of all governmental activities this year was \$10.4 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$2.1 million.
- Net cost of governmental activities of \$8.3 million was financed by general revenues, which are made up of primarily property taxes of \$3.8 million and state aid of \$3.9 million. Investment earnings accounted for \$268,107 of funding.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$9.1 million, a decrease of \$2.4 million primarily due to the utilization of \$1.8 million in bond proceeds in the Bond Building Fund, received in a prior year, to commence construction of a new cafeteria and gymnasium building.

**BENSON UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Concl'd)

The General Fund comprises 23 percent of the total fund balance. Approximately \$2.0 million, or 99 percent of the General Fund's fund balance constitutes unreserved fund balance. The remaining fund balance of \$25,001 is reserved for inventory and it is not available for spending because it has already been committed.

The General Fund is the principal operating fund of the District. The decrease in fund balance of \$390,725 to \$2.1 million as of fiscal year end was a result of the utilization of fund balance in the General Fund to supplement the reduction in state aid. General Fund revenues decreased \$488,808 as a result of a 50 percent reduction in the District's May 15 state equalization payment pursuant to Laws 2008, Chapter 287 and Laws 2009, Chapters 5 and 6. General Fund expenditures increased \$344,065. This was a result of increased student enrollment.

Debt Service Fund revenues of \$649,168 consisted primarily of property taxes and expenditures were \$647,715. The Debt Service Fund's fund balance increased \$152,022 to \$488,777 at year end.

The Bond Building Fund had \$150,569 of revenues and \$1.8 million of expenditures consisting of costs related to the commencement of construction of a new cafeteria and gymnasium building. The Bond Building Fund's fund balance decreased \$1.8 million due to the payments made to contractors and architects for the project.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget due to sudden growth in the student population. The difference between the original budget and the final amended budget was a \$233,593 increase, or 4 percent.

The revenue budget for the General Fund was not revised, therefore, a deficit budgeted fund balance occurred when the expenditure budget was increased. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances are summarized as follows:

- The unfavorable variance of \$62,969 in support services – students and staff and the unfavorable variance of \$16,445 in operation of non-instructional services were a result of reclassifications completed after the final budget revision.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2009, the District had invested \$16.4 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$2.3 million from the prior fiscal year, primarily due to the commencement of a cafeteria renovation. Total depreciation expense for the current fiscal year was \$658,589.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2009 and June 30, 2008.

	As of <u>June 30, 2009</u>	As of <u>June 30, 2008</u>
Capital assets – non-depreciable	\$ 2,319,094	\$ 216,751
Capital assets – depreciable, net	14,127,405	14,554,395
Total	<u>\$ 16,446,499</u>	<u>\$ 14,771,146</u>

The estimated cost to complete current construction projects is \$5.2 million.

Additional information on the District's capital assets can be found in Note 5.

Debt Administration. At year end, the District had \$6.4 million in long-term debt outstanding, \$335,000 due within one year.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total secondary assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10% of the secondary assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$23.2 million and the Class B debt limit is \$7.7 million, which are more than the District's total outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 6 through 8.

**BENSON UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2009-10 budget. Among them:

- Fiscal year 2008-09 budget balance carry forward (estimated \$165,090).
- District student population (estimated growth to 1,145).

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund increased less than one percent to \$6.7 million in fiscal year 2009-10. Increased payroll and employee benefit costs are the primary reason for the increase. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2009-10 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Benson Unified School District No. 9, 360 South Patagonia Street, Benson, Arizona 85602.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

BENSON UNIFIED SCHOOL DISTRICT NO. 9
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 9,708,427
Property taxes receivable	358,720
Due from governmental entities	1,007,099
Inventory, at cost	27,242
Total current assets	<u>11,101,488</u>
Noncurrent assets:	
Land	216,751
Land improvements	3,122,776
Buildings and improvements	16,580,605
Vehicles, furniture and equipment	1,645,384
Construction in progress	2,102,343
Accumulated depreciation	<u>(7,221,360)</u>
Total noncurrent assets	<u>16,446,499</u>
Total assets	<u>27,547,987</u>
<u>LIABILITIES</u>	
Current liabilities:	
Construction contracts payable	876,190
Accrued payroll and employee benefits	307,105
Compensated absences payable	167,070
Accrued interest payable	133,753
Unearned revenues	37,830
Bonds payable	335,000
Total current liabilities	<u>1,856,948</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	<u>6,081,225</u>
Total non-current liabilities	<u>6,081,225</u>
Total liabilities	<u>7,938,173</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	15,352,320
Restricted for:	
Debt service	541,978
Capital outlay	1,396,785
Unrestricted	<u>2,318,731</u>
Total net assets	<u>\$ 19,609,814</u>

The notes to the financial statements are an integral part of this statement.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 5,749,233	\$ 589,466	\$ 624,953	\$ 66,575	\$ (4,468,239)
Support services - students and staff	804,522		166,519		(638,003)
Support services - administration	1,119,499		64,431		(1,055,068)
Operation and maintenance of plant services	1,269,082	3,127	156,476		(1,109,479)
Student transportation services	615,847				(615,847)
Operation of non-instructional services	476,938	209,945	204,964		(62,029)
Interest on long-term debt	333,025				(333,025)
Total governmental activities	<u>\$ 10,368,146</u>	<u>\$ 802,538</u>	<u>\$ 1,217,343</u>	<u>\$ 66,575</u>	<u>(8,281,690)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	2,639,060
Property taxes, levied for debt service	659,258
Property taxes, levied for capital outlay	497,924
Investment income	268,107
Unrestricted state aid	3,927,555
Total general revenues	<u>7,991,904</u>

Changes in net assets (289,786)

Net assets, beginning of year 19,899,600

Net assets, end of year \$ 19,609,814

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

BENSON UNIFIED SCHOOL DISTRICT NO. 9
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Bond Building</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,417,846	\$ 948,447	\$ 5,270,821
Property taxes receivable	255,306	62,284	
Due from governmental entities	752,766		
Due from other funds			
Inventory, at cost	25,001		
Total assets	<u>\$ 2,450,919</u>	<u>\$ 1,010,731</u>	<u>\$ 5,270,821</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Construction contracts payable	\$	\$	\$ 753,140
Due to other funds			
Accrued payroll and employee benefits	165,558		
Deferred revenues	218,063	53,201	
Bonds payable		335,000	
Bond interest payable		133,753	
Total liabilities	<u>383,621</u>	<u>521,954</u>	<u>753,140</u>
Fund balances:			
Reserved for inventory	25,001		
Unreserved:			
Undesignated	2,042,297	488,777	4,517,681
Unreserved reported in:			
Special revenue funds			
Capital projects funds			
Total fund balances	<u>2,067,298</u>	<u>488,777</u>	<u>4,517,681</u>
Total liabilities and fund balances	<u>\$ 2,450,919</u>	<u>\$ 1,010,731</u>	<u>\$ 5,270,821</u>

The notes to the financial statements are an integral part of this statement.

Non-Major Governmental Funds	Total Governmental Funds
\$ 2,071,313	\$ 9,708,427
41,130	358,720
254,333	1,007,099
75,944	75,944
2,241	27,242
<u>\$ 2,444,961</u>	<u>\$ 11,177,432</u>

\$ 123,050	\$ 876,190
75,944	75,944
141,547	307,105
72,579	343,843
	335,000
	133,753
<u>413,120</u>	<u>2,071,835</u>

2,241	27,242
-------	--------

7,048,755

667,564	667,564
1,362,036	1,362,036
<u>2,031,841</u>	<u>9,105,597</u>
<u>\$ 2,444,961</u>	<u>\$ 11,177,432</u>

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BENSON UNIFIED SCHOOL DISTRICT NO. 9
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total governmental fund balances **\$ 9,105,597**

Amounts reported for *governmental activities* in the Statement of
Net Assets are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 23,667,859	
Less accumulated depreciation	<u>(7,221,360)</u>	16,446,499

Some property tax revenues will not be available to pay for
current period expenditures and, therefore, are deferred in the funds. 306,013

Long-term liabilities are not due and payable in the current
period and, therefore, are not reported in the funds.

Compensated absences payable	(218,295)	
Bonds payable	<u>(6,030,000)</u>	<u>(6,248,295)</u>

Net assets of governmental activities **\$ 19,609,814**

The notes to the financial statements are an integral part of this statement.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Bond Building</u>
Revenues:			
Other local	\$ 285,815	\$ 18,946	\$ 150,569
Property taxes	2,529,443	630,222	
State aid and grants	3,232,943		
Federal aid, grants and reimbursements			
Total revenues	<u>6,048,201</u>	<u>649,168</u>	<u>150,569</u>
Expenditures:			
Current -			
Instruction	3,296,335		
Support services - students and staff	572,423		
Support services - administration	991,441		
Operation and maintenance of plant services	1,073,297		
Student transportation services	463,823		
Operation of non-instructional services	48,445		
Capital outlay			1,831,565
Debt service -			
Interest and fiscal charges		312,715	
Principal retirement		335,000	
Total expenditures	<u>6,445,764</u>	<u>647,715</u>	<u>1,831,565</u>
Excess (deficiency) of revenues over expenditures	<u>(397,563)</u>	<u>1,453</u>	<u>(1,680,996)</u>
Other financing sources (uses):			
Transfer in		150,569	
Transfer out			(150,569)
Total other financing sources (uses)		<u>150,569</u>	<u>(150,569)</u>
Changes in fund balances	<u>(397,563)</u>	<u>152,022</u>	<u>(1,831,565)</u>
Fund balances, beginning of year	2,458,023	336,755	6,349,246
Increase (decrease) in reserve for inventory	6,838		
Fund balances, end of year	<u>\$ 2,067,298</u>	<u>\$ 488,777</u>	<u>\$ 4,517,681</u>

The notes to the financial statements are an integral part of this statement.

Non-Major Governmental Funds	Total Governmental Funds
\$ 706,410	\$ 1,161,740
474,190	3,633,855
940,591	4,173,534
946,844	946,844
<u>3,068,035</u>	<u>9,915,973</u>

1,405,178	4,701,513
200,448	772,871
74,954	1,066,395
160,413	1,233,710
	463,823
415,319	463,764
1,105,631	2,937,196
3,243	315,958
62,529	397,529
<u>3,427,715</u>	<u>12,352,759</u>

<u>(359,680)</u>	<u>(2,436,786)</u>
------------------	--------------------

	150,569
	<u>(150,569)</u>

<u>(359,680)</u>	<u>(2,436,786)</u>
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2,391,859	11,535,883
(338)	6,500
<u>\$ 2,031,841</u>	<u>\$ 9,105,597</u>

BENSON UNIFIED SCHOOL DISTRICT NO. 9
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

Net changes in fund balances - total governmental funds **\$ (2,430,286)**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 2,422,342	
Less current year depreciation	<u>(658,589)</u>	1,763,753

Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		162,387
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Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Capital lease principal retirement	62,529	
Bond principal retirement	<u>335,000</u>	397,529

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Deferred charges on issuance of debt	(17,067)	
Loss on disposal of capital assets	(88,400)	
Compensated absences	<u>(77,702)</u>	(183,169)

Change in net assets in governmental activities		<u>\$ (289,786)</u>
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The notes to the financial statements are an integral part of this statement.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2009

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 72,186
Total assets	<u>\$ 72,186</u>
<u>LIABILITIES</u>	
Deposits held for others	7,030
Due to student groups	<u>65,156</u>
Total liabilities	<u>\$ 72,186</u>

The notes to the financial statements are an integral part of this statement.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Benson Unified School District No. 9 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenses/expenditures.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools.

The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the financial activity of the organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, auxiliary operations, athletic functions, and sponsorship of the San Pedro Valley High School Charter School.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted State and County aid, and other unrestricted items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service resources are provided during the current year for payment of long-term debt principal and interest due early in the following year (not to exceed one month) and, therefore, the expenditures and related liabilities have been recognized. Compensated absences are recorded only when payment is due.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property taxes, State and County aid, tuition and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes have been recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type. The District reports the following major governmental funds:

General Fund – The General Fund the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. It is described as the Maintenance and Operation Fund by A.R.S.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Bond Building Fund – The Bond Building Fund accounts for proceeds from District bond issues that are expended on the acquisition or lease of sites, construction or renovation of school buildings, improving school grounds, or purchasing pupil transportation vehicles.

Additionally, the District reports the following fund type:

Fiduciary Funds – The Fiduciary Funds are Agency Funds which account for resources held by the District on behalf of others and includes the Student Activities and Employee Withholding Funds. The Student Activities Fund accounts for monies raised by students to finance student clubs and organizations. The Employee Withholding Fund accounts for voluntary deductions temporarily held by the District until distributed.

The Agency Funds are custodial in nature and do not have a measurement focus and are reported by fund type. The Agency Funds are reported by fund type.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Cash and Investments

A.R.S. require the District to deposit certain cash with the County Treasurer. That cash is pooled for investment purposes, except for cash of the Debt Service Fund that may be invested separately. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances. As required by statute, interest earnings of the Bond Building Fund are recorded initially in that Fund, but then transferred to the Debt Service Fund. All investments are stated at fair value.

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the fund financial statements.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

Property tax levies are obtained by applying tax rates against either the primary assessed valuation or the secondary assessed valuation. Primary and secondary valuation categories are composed of the exact same properties. However, the primary category limits the increase in property values to 10% from the previous year, while there is no limit to the increase in property values for secondary valuation. Override and debt service tax rates are applied to the secondary assessed valuation and all other tax rates are applied to the primary assessed valuation.

The County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. The billings are considered past due after these dates, at which time the applicable property is subject to penalties and interest.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice, and become delinquent 30 days thereafter.

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

G. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

The United States Department of Agriculture (USDA) commodity portion of the food services inventory consists of food donated by the USDA. It is valued at estimated market prices paid by the USDA.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Prepaid items at year-end were immaterial and therefore not included on the fund or government-wide financial statements.

I. Capital Assets

Capital assets, which include land and improvements, buildings and improvements; vehicles, furniture, and equipment, and construction in progress, are reported in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Land improvements	15 – 20 years
Buildings and improvements	20 – 65 years
Vehicles, furniture and equipment	5 – 15 years

J. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Accrued sick leave is earned by all employees working at least nine months a year at a rate of one day per month of employment and vests at a rate based upon their years of service. All twelve-month classified employees earn vacation, at a rate of 12 days a year, with increases depending on length of service. The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

M. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

N. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance – At year-end, the Classroom Site Fund, a non-major governmental fund, reported a deficit of \$12,657 in fund balance.

The deficit arose because of operations during the year. Additional revenues received in fiscal year 2009-10 are expected to eliminate the deficit.

Excess Expenditures Over Budget – At year-end, the District had expenditures in funds that exceeded the budgets, however, this does not constitute a violation of any legal provisions.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3 – CASH AND INVESTMENTS

A.R.S. authorize the District to invest public monies in the State Treasurer's local government investment pools, the County Treasurer's investment pool, obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District's investments.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of the District's deposits was \$128,049 and the bank balance was \$140,851. At year-end, \$116,323 of the District's deposits were covered by Federal depository insurance and \$4,398 were guaranteed under the transaction account guarantee component of the Temporary Liquidity Guarantee Program.

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. No regulatory oversight is provided for the County Treasurer's investment pool and that pool's structure does not provide for shares.

At year-end, the District's investments consisted of the following.

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer's investment pool	1.34 years	<u>\$ 9,652,564</u>

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year-end, the District's investment in the County Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

Custodial Credit Risk – Investments. The District's investment in the County Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4 – RECEIVABLES

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the District's individual major funds and non-major governmental funds in the aggregate, were as follows.

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>
Due from other governmental entities:		
Due from Federal government	\$	\$ 91,746
Due from State government	623,583	125,436
Due from other districts	129,183	37,151
Net due from governmental entities	<u>\$752,766</u>	<u>\$ 254,333</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows.

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 218,063	\$
Delinquent property taxes receivable (Debt Service Fund)	53,201	
Delinquent property taxes receivable (Non-Major Governmental Funds)	34,749	
Grant drawdowns prior to meeting all eligibility requirements (Non-Major Governmental Funds)		37,830
Total deferred revenue for governmental funds	<u>\$ 306,013</u>	<u>\$ 37,830</u>

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 5 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows.

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 216,751	\$	\$	\$ 216,751
Construction in progress		2,102,343		2,102,343
Total capital assets, not being depreciated	216,751	2,102,343		2,319,094
Capital assets, being depreciated:				
Land improvements	3,122,776			3,122,776
Buildings and improvements	16,636,602	43,163	99,160	16,580,605
Vehicles, furniture and equipment	1,421,855	276,836	53,307	1,645,384
Total capital assets being depreciated	21,181,233	319,999	152,467	21,348,765
Less accumulated depreciation for:				
Land improvements	(929,179)	(151,002)		(1,080,181)
Buildings and improvements	(4,679,297)	(423,796)	(21,507)	(5,081,586)
Vehicles, furniture and equipment	(1,018,362)	(83,791)	(42,560)	(1,059,593)
Total accumulated depreciation	(6,626,838)	(658,589)	(64,067)	(7,221,360)
Total capital assets, being depreciated, net	14,554,395	(338,590)	88,400	14,127,405
Governmental activities capital assets, net	\$ 14,771,146	\$1,763,753	\$ 88,400	\$ 16,446,499

Depreciation expense was charged to governmental functions as follows.

Instruction	\$ 533,844
Support services – students and staff	2,757
Support services – administration	18,150
Operation and maintenance of plant services	24,218
Student transportation services	67,227
Operation of non-instructional services	12,393
Total depreciation expense – governmental activities	<u>\$ 658,589</u>

Construction Commitments – At year-end, the District had contractual commitments related to various capital projects for the construction of the cafeteria and athletic facilities. At year-end the District had spent \$2.1 million on the projects and had estimated remaining contractual commitments of \$5.2 million. These projects are being funded with bond proceeds.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6 – OBLIGATIONS UNDER CAPITAL LEASES

The District has acquired a running track under the provisions of a long-term lease agreement classified as a capital lease. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the Unrestricted Capital Outlay Fund, a non-major governmental fund, are used to pay the capital lease obligation. During the current fiscal year the District retired all lease obligations.

The assets acquired through capital leases that meet the District's capitalization threshold are as follows.

	<u>Governmental Activities</u>
Asset:	
Vehicles, furniture and equipment	\$ 291,229
Less: Accumulated depreciation	78,120
Total	<u>\$ 213,109</u>

NOTE 7 – GENRAL OBLIGATION BONDS PAYABLE

Bonds payable at year-end, consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$2,935,000 remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2009</u>	<u>Due Within One Year</u>
Governmental activities:					
School Improvement Bonds,					
Project 2007, Series A (Class B)	\$6,365,000	4.00-4.50%	7/1/09-27	\$ 6,365,000	\$ 335,000
Total				<u>\$ 6,365,000</u>	<u>\$ 335,000</u>

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7 – GENRAL OBLIGATION BONDS PAYABLE (Concl'd)

Annual debt service requirements to maturity on general obligation bonds at year-end are summarized as follows.

Year ending June 30:	Governmental Activities	
	Principal	Interest
2010	\$ 335,000	\$ 260,806
2011	415,000	245,288
2012	445,000	227,012
2013	255,000	212,137
2014	200,000	202,468
2015-19	1,335,000	855,862
2020-24	1,725,000	520,670
2025-28	1,655,000	139,697
Total	<u>\$ 6,365,000</u>	<u>\$ 2,663,940</u>

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year ended was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 6,795,000	\$	\$ 430,000	\$ 6,365,000	\$ 335,000
Obligations under capital leases	62,529		62,529		
Compensated absences payable	140,593	271,249	193,547	218,295	167,070
Governmental activity long-term liabilities	<u>\$ 6,998,122</u>	<u>\$ 271,249</u>	<u>\$ 686,076</u>	<u>\$ 6,583,295</u>	<u>\$ 502,070</u>

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year-end, interfund balances were as follows.

Due to/from other funds – At year-end, several non-major governmental funds had negative cash balances of \$75,944 in the Treasurer's pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with other funds. All interfund balances are expected to be paid within one year.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Concl'd)

Interfund transfers – Transfers of \$150,569 were made to move investment income earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund.

NOTE 10 – CONTINGENT LIABILITIES

Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District's employees have health and accident insurance coverage with the Arizona School Board Association Insurance Trust (ASBAIT). ASBAIT is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays a monthly premium to ASBAIT for employees' health and accident insurance coverage. The agreement provides that ASBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District continues to carry commercial insurance for workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 12 – RETIREMENT PLAN

Plan Description – The District contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing multiple employer defined benefit health care plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which are administered by the Arizona State Retirement System (ASRS). The ASRS (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

Funding Policy – The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.45 percent (8.95 percent for retirement and 0.5 percent for long-term disability) of the members' annual covered payroll and the District was required by statute to contribute at the actuarially determined rate of 9.45 percent (7.99 percent for retirement, 0.96 percent for health insurance premium, and 0.5 percent for long-term disability) of the members' annual covered payroll.

The District's contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows.

		Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:				
	2009	\$ 388,098	\$ 46,630	\$ 24,287
	2008	374,770	48,883	23,278
	2007	326,149	45,359	21,599

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
(Required Supplementary Information)**

BENSON UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Other local	\$ 248,992	\$ 248,992	\$ 285,815	\$ 36,823
Property taxes	2,711,357	2,443,744	2,529,443	85,699
State aid and grants	3,221,158	3,488,771	3,232,943	(255,828)
Total revenues	<u>6,181,507</u>	<u>6,181,507</u>	<u>6,048,201</u>	<u>(133,306)</u>
Expenditures:				
Regular education				
Instruction	2,745,090	2,825,737	2,750,933	74,804
Support services - students and staff	255,077	335,477	382,841	(47,364)
Support services - administration	1,136,964	1,073,135	983,441	89,694
Operation and maintenance of plant services	942,351	1,032,727	968,312	64,415
Operation of non-instructional services	7,000	32,000	48,445	(16,445)
Total regular education	<u>5,086,482</u>	<u>5,299,076</u>	<u>5,133,972</u>	<u>165,104</u>
Special education				
Instruction	371,873	399,609	400,569	(960)
Support services - students and staff	173,977	173,977	189,582	(15,605)
Support services - administration			8,000	(8,000)
Operation and maintenance of plant services	86,000	86,000	104,985	(18,985)
Total special education	<u>631,850</u>	<u>659,586</u>	<u>703,136</u>	<u>(43,550)</u>
Pupil transportation				
Student transportation services	514,100	507,363	463,823	43,540
Total pupil transportation	<u>514,100</u>	<u>507,363</u>	<u>463,823</u>	<u>43,540</u>
Special K-3 program override				
Instruction	144,832	144,832	144,833	(1)
Total special K-3 program override	<u>144,832</u>	<u>144,832</u>	<u>144,833</u>	<u>(1)</u>
Total expenditures	<u>6,377,264</u>	<u>6,610,857</u>	<u>6,445,764</u>	<u>165,093</u>
Change in fund balances	<u>(195,757)</u>	<u>(429,350)</u>	<u>(397,563)</u>	<u>31,787</u>
Fund balances, July 1, 2008	310,000	310,000	2,458,023	2,148,023
Increase in reserve for inventory			6,838	6,838
Fund balances (deficits), June 30, 2009	<u>\$ 114,243</u>	<u>\$ (119,350)</u>	<u>\$ 2,067,298</u>	<u>\$ 2,186,648</u>

See accompanying notes to this schedule.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the District is prepared on a basis of accounting consistent with accounting principles generally accepted in the United States of America.

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

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**OTHER MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

BENSON UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DEBT SERVICE
YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original & Final</u>	<u>Actual</u>	
Revenues:			
Other local	\$	\$ 18,946	\$ 18,946
Property taxes	647,091	630,222	(16,869)
Total revenues	<u>647,091</u>	<u>649,168</u>	<u>2,077</u>
Expenditures:			
Debt service -			
Interest and fiscal charges	312,100	312,715	(615)
Principal retirement	335,000	335,000	
Total expenditures	<u>647,100</u>	<u>647,715</u>	<u>(615)</u>
Excess (deficiency) of revenues over expenditures	<u>(9)</u>	<u>1,453</u>	<u>1,462</u>
Other financing sources (uses):			
Transfer in		150,569	150,569
Total other financing sources (uses)		<u>150,569</u>	<u>150,569</u>
Change in fund balances	<u>(9)</u>	<u>152,022</u>	<u>152,031</u>
Fund balances, July 1, 2008	500,000	336,755	(163,245)
Fund balances, June 30, 2009	<u>\$ 499,991</u>	<u>\$ 488,777</u>	<u>\$ (11,214)</u>

BENSON UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BOND BUILDING
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Other local	\$	\$ 150,569	\$ 150,569
Total revenues		150,569	150,569
Expenditures:			
Capital outlay		1,831,565	(1,831,565)
Total expenditures		1,831,565	(1,831,565)
Excess (deficiency) of revenues over expenditures		(1,680,996)	(1,680,996)
Other financing sources (uses):			
Transfer out		(150,569)	(150,569)
Total other financing sources (uses)		(150,569)	(150,569)
Change in fund balances		(1,831,565)	(1,831,565)
Fund balances, July 1, 2008	6,349,246	6,349,246	
Fund balances, June 30, 2009	<u>\$ 6,349,246</u>	<u>\$ 4,517,681</u>	<u>\$ (1,831,565)</u>

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NON-MAJOR GOVERNMENTAL FUNDS

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2009

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 666,049	\$ 1,405,264	\$ 2,071,313
Property taxes receivable		41,130	41,130
Due from governmental entities	180,892	73,441	254,333
Due from other funds	75,944		75,944
Inventory, at cost	2,241		2,241
Total assets	<u>\$ 925,126</u>	<u>\$ 1,519,835</u>	<u>\$ 2,444,961</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Construction contracts payable	\$	\$ 123,050	\$ 123,050
Due to other funds	75,944		75,944
Accrued payroll and employee benefits	141,547		141,547
Deferred revenues	37,830	34,749	72,579
Total liabilities	<u>255,321</u>	<u>157,799</u>	<u>413,120</u>
Fund balances:			
Reserved for inventory	2,241		2,241
Unreserved:			
Undesignated	667,564	1,362,036	2,029,600
Total fund balances	<u>669,805</u>	<u>1,362,036</u>	<u>2,031,841</u>
Total liabilities and fund balances	<u>\$ 925,126</u>	<u>\$ 1,519,835</u>	<u>\$ 2,444,961</u>

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2009

	Special Revenue	Capital Projects	Total Non-Major Governmental Funds
Revenues:			
Other local	\$ 643,350	\$ 63,060	\$ 706,410
Property taxes		474,190	474,190
State aid and grants	636,166	304,425	940,591
Federal aid, grants and reimbursements	946,844		946,844
Total revenues	<u>2,226,360</u>	<u>841,675</u>	<u>3,068,035</u>
Expenditures:			
Current -			
Instruction	1,405,178		1,405,178
Support services - students and staff	200,448		200,448
Support services - administration	74,954		74,954
Operation and maintenance of plant services	160,413		160,413
Operation of non-instructional services	415,319		415,319
Capital outlay	141,283	964,348	1,105,631
Debt service -			
Interest and fiscal charges		3,243	3,243
Principal retirement		62,529	62,529
Total expenditures	<u>2,397,595</u>	<u>1,030,120</u>	<u>3,427,715</u>
Change in fund balances	<u>(171,235)</u>	<u>(188,445)</u>	<u>(359,680)</u>
Fund balances, beginning of year	841,378	1,550,481	2,391,859
(Decrease) in reserve for inventory	(338)		(338)
Fund balances, end of year	<u>\$ 669,805</u>	<u>\$ 1,362,036</u>	<u>\$ 2,031,841</u>

NON-MAJOR SPECIAL REVENUE FUNDS

The following non-major Special Revenue Funds are maintained by the District. Arizona Revised Statutes (A.R.S.) and the Uniform System of Financial Records (USFR) require the establishment of these funds for the specified financial activities.

Classroom Site - to account for the financial activity for the portion of state sales tax collections and permanent state school fund earnings as approved by the voters in 2000.

Instructional Improvement - to account for the activity of monies received from gaming revenue.

County, City, and Town Grants - to account for monies received from county, city and town grants.

Structured English Immersion - to account for monies received to provide for the incremental cost of instruction to English language learners.

Compensatory Instruction - to account for monies received for programs in addition to normal classroom instruction to improve the English proficiency of current English language learners.

Title I Grants - to account for financial assistance received for the purpose of improving the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards.

Professional Development and Technology Grants - to account for financial assistance received to increase student academic achievement through improving teacher quality.

Title IV Grants - to account for financial assistance received for chemical abuse awareness programs and expanding projects that benefit educational and health needs of the communities.

Promote Informed Parent Choice - to account for financial assistance received to promote parent choices in the education of their students.

Limited English and Immigrant Students - to account for financial assistance received for educational services and costs for limited English and immigrant children.

Special Education Grants - to account for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

Vocational Education - to account for financial assistance for preparation of individuals for employment or advancement in a career not requiring a baccalaureate or advanced degree.

Medicaid Reimbursement - to account for reimbursements related to specific health services provided to eligible students.

Other Federal Projects - to account for financial assistance received for other supplemental federal projects.

Vocational Education - to account for financial assistance received for the preparation of individuals for employment.

Early Childhood Block Grant - to account for financial assistance received for preschool education.

Extended School Year – Pupils with Disabilities - to account for financial assistance from the State for year-round services for the special education program.

Academic Contests - to account for financial assistance received for participation in academic contests.

Gifted - to account for financial assistance received for programs for gifted students.

Environmental Special Plate - to account for the proceeds received from the sale of environmental license plates.

Other State Projects - to account for financial assistance received for other State projects.

School Plant - to account for proceeds from the sale or lease of school property.

Food Service - to account for the financial activity of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions.

Civic Center - to account for monies received from the rental of school facilities for civic activities.

Community School - to account for activity related to academic and skill development for all citizens.

Auxiliary Operations - to account for activity arising from bookstore, athletic and miscellaneous District related operations.

Extracurricular Activities Fees Tax Credit - to account for activity related to monies collected in support of extracurricular activities to be taken as a tax credit by the tax payer in accordance with A.R.S. §43-1089.01.

Gifts and Donations - to account for activity related to gifts, donations, bequests and private grants made to the District.

Career and Technical Education and Vocational Education Projects - to account for revenues and expenditures relating to the production and subsequent sale of items produced in an instructional program by vocational and technical education pupils.

Fingerprint - to account for activity of fingerprinting employees as mandated by the State.

NON-MAJOR SPECIAL REVENUE FUNDS
(Concluded)

Insurance Proceeds - to account for the monies received from insurance claims.

Textbooks - to account for monies received from students to replace or repair lost or damaged textbooks.

Litigation Recovery - to account for monies received for and derived from litigation.

Indirect Costs - to account for monies transferred from Federal projects for administrative costs.

Unemployment Insurance - to account for unemployment insurance contributions using the reimbursement method of accounting to the Department of Economic Security.

Joint Technological Education - to account for monies received from Joint Technological Education Districts for vocational education programs.

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BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009

	Classroom Site	Instructional Improvement	County, City, and Town Grants	Structured English Immersion
<u>ASSETS</u>				
Cash and investments	\$ 31,645	\$ 22,918	\$ 7,586	\$ 13,293
Due from governmental entities	55,005	11,375		
Due from other funds				
Inventory, at cost				
Total assets	<u>\$ 86,650</u>	<u>\$ 34,293</u>	<u>\$ 7,586</u>	<u>\$ 13,293</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$	\$	\$	\$
Accrued payroll and employee benefits	99,307	4,376		3,096
Deferred revenues				10,197
Total liabilities	<u>99,307</u>	<u>4,376</u>		<u>13,293</u>
Fund balances (deficits):				
Reserved for inventory				
Unreserved:				
Undesignated	(12,657)	29,917	7,586	
Total fund balances	<u>(12,657)</u>	<u>29,917</u>	<u>7,586</u>	
Total liabilities and fund balances	<u>\$ 86,650</u>	<u>\$ 34,293</u>	<u>\$ 7,586</u>	<u>\$ 13,293</u>

Compensatory Instruction	Title I Grants	Professional Development and Technology Grants	Title IV Grants	Promote Informed Parent Choice	Limited English and Immigrant Students
\$ 697	\$ 10,764	\$ 3,336	\$ 11,670	\$ 100	\$ 1,921
<u>\$ 697</u>	<u>\$ 10,764</u>	<u>\$ 3,336</u>	<u>\$ 11,670</u>	<u>\$ 100</u>	<u>\$ 1,921</u>
\$	\$ 1,987	\$	\$ 11,670	\$ 100	\$
	8,777	2,180			
697		1,156			1,921
697	10,764	3,336	11,670	100	1,921
<u>\$ 697</u>	<u>\$ 10,764</u>	<u>\$ 3,336</u>	<u>\$ 11,670</u>	<u>\$ 100</u>	<u>\$ 1,921</u>

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009
(Continued)

	Special Education Grants	Vocational Education	Medicaid Reimbursement	Other Federal Projects
<u>ASSETS</u>				
Cash and investments	\$	\$	\$	\$
Due from governmental entities	44,922	37	1,422	41,835
Due from other funds				
Inventory, at cost				
Total assets	<u>\$ 44,922</u>	<u>\$ 37</u>	<u>\$ 1,422</u>	<u>\$ 41,835</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ 36,667	\$	\$	\$
Accrued payroll and employee benefits	8,255			4,808
Deferred revenues		37		8,572
Total liabilities	<u>44,922</u>	<u>37</u>	<u></u>	<u>13,380</u>
Fund balances (deficits):				
Reserved for inventory				
Unreserved:				
Undesignated			1,422	28,455
Total fund balances			<u>1,422</u>	<u>28,455</u>
Total liabilities and fund balances	<u>\$ 44,922</u>	<u>\$ 37</u>	<u>\$ 1,422</u>	<u>\$ 41,835</u>

<u>Vocational Education</u>	<u>Early Childhood Block Grant</u>	<u>Extended School Year - Pupils with Disabilities</u>	<u>Academic Contests</u>	<u>Gifted</u>	<u>Environmental Special Plate</u>
\$ 2,343	\$ 560	\$ 63	\$ 182	\$ 315	\$ 634
<u>\$ 2,343</u>	<u>\$ 560</u>	<u>\$ 63</u>	<u>\$ 182</u>	<u>\$ 315</u>	<u>\$ 634</u>
\$	\$	\$	\$ 182	\$	\$
2,343	560	63		315	634
<u>2,343</u>	<u>560</u>	<u>63</u>	<u>182</u>	<u>315</u>	<u>634</u>
<u>\$ 2,343</u>	<u>\$ 560</u>	<u>\$ 63</u>	<u>\$ 182</u>	<u>\$ 315</u>	<u>\$ 634</u>

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009
(Continued)

	Other State Projects	School Plant	Food Service	Civic Center
<u>ASSETS</u>				
Cash and investments	\$ 11,335	\$ 28,004	\$	\$ 4,048
Due from governmental entities			24,290	
Due from other funds		75,944		
Inventory, at cost			2,241	
Total assets	<u>\$ 11,335</u>	<u>\$ 103,948</u>	<u>\$ 26,531</u>	<u>\$ 4,048</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$	\$	\$ 18,922	\$
Accrued payroll and employee benefits			3,374	
Deferred revenues	11,335			
Total liabilities	<u>11,335</u>		<u>22,296</u>	
Fund balances (deficits):				
Reserved for inventory			2,241	
Unreserved:				
Undesignated		103,948	1,994	4,048
Total fund balances		<u>103,948</u>	<u>4,235</u>	<u>4,048</u>
Total liabilities and fund balances	<u>\$ 11,335</u>	<u>\$ 103,948</u>	<u>\$ 26,531</u>	<u>\$ 4,048</u>

<u>Community School</u>	<u>Auxiliary Operations</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Gifts and Donations</u>	<u>Career and Technical Education and Vocational Education Projects</u>	<u>Fingerprint</u>
\$ 3,082	\$ 45,863	\$ 75,891	\$ 227,004	\$ 598	\$ 8
<u>\$ 3,082</u>	<u>\$ 45,863</u>	<u>\$ 75,891</u>	<u>\$ 227,004</u>	<u>\$ 598</u>	<u>\$ 8</u>
\$	\$	\$	\$	\$	\$
3,082	45,863	75,891	227,004	598	8
3,082	45,863	75,891	227,004	598	8
<u>\$ 3,082</u>	<u>\$ 45,863</u>	<u>\$ 75,891</u>	<u>\$ 227,004</u>	<u>\$ 598</u>	<u>\$ 8</u>

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009
(Concluded)

	<u>Insurance Proceeds</u>	<u>Textbooks</u>	<u>Litigation Recovery</u>	<u>Indirect Costs</u>
<u>ASSETS</u>				
Cash and investments	\$ 2,339	\$ 8,404	\$ 61,263	\$ 1,951
Due from governmental entities				
Due from other funds				
Inventory, at cost				
Total assets	<u>\$ 2,339</u>	<u>\$ 8,404</u>	<u>\$ 61,263</u>	<u>\$ 1,951</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$	\$	\$	\$
Accrued payroll and employee benefits				
Deferred revenues				
Total liabilities				
Fund balances (deficits):				
Reserved for inventory				
Unreserved:				
Undesignated	2,339	8,404	61,263	1,951
Total fund balances	<u>2,339</u>	<u>8,404</u>	<u>61,263</u>	<u>1,951</u>
Total liabilities and fund balances	<u>\$ 2,339</u>	<u>\$ 8,404</u>	<u>\$ 61,263</u>	<u>\$ 1,951</u>

Unemployment Insurance	Joint Technological Education	Totals
\$ 67,654	\$ 22,584	\$ 666,049
		180,892
		75,944
		2,241
<u>\$ 67,654</u>	<u>\$ 22,584</u>	<u>\$ 925,126</u>
\$	\$ 6,416	\$ 75,944
	7,374	141,547
		37,830
	<u>13,790</u>	<u>255,321</u>
		2,241
<u>67,654</u>	<u>8,794</u>	<u>667,564</u>
<u>67,654</u>	<u>8,794</u>	<u>669,805</u>
<u>\$ 67,654</u>	<u>\$ 22,584</u>	<u>\$ 925,126</u>

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009

	Classroom Site	Instructional Improvement	County, City, and Town Grants
Revenues:			
Other local	\$ 3,723	\$ 966	\$ 13,893
State aid and grants	346,120	44,067	
Federal aid, grants and reimbursements			
Total revenues	<u>349,843</u>	<u>45,033</u>	<u>13,893</u>
Expenditures:			
Current -			
Instruction	508,627	67,256	14,837
Support services - students and staff	22,301		
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			1,626
Total expenditures	<u>530,928</u>	<u>67,256</u>	<u>16,463</u>
Change in fund balances	<u>(181,085)</u>	<u>(22,223)</u>	<u>(2,570)</u>
Fund balances, beginning of year	168,428	52,140	10,156
(Decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (12,657)</u>	<u>\$ 29,917</u>	<u>\$ 7,586</u>

Structured English Immersion	Title I Grants	Professional Development and Technology Grants	Title IV Grants	Special Education Grants	Vocational Education
\$ 54,445	\$ 291,108	\$ 69,148	\$ 59,437	\$ 172,239	\$ 30,178
54,445	291,108	69,148	59,437	172,239	30,178
49,741	102,146	45,670	40,807	172,239	6,441
4,623	108,415		18,630		6,536
81	68,056				
	12,491	23,478			17,201
54,445	291,108	69,148	59,437	172,239	30,178
\$	\$	\$	\$	\$	\$

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009
(Continued)

	Medicaid Reimbursement	Other Federal Projects	Vocational Education
Revenues:			
Other local	\$ 24	\$ 828	\$
State aid and grants			45,329
Federal aid, grants and reimbursements	839	118,931	
Total revenues	<u>863</u>	<u>119,759</u>	<u>45,329</u>
Expenditures:			
Current -			
Instruction		76,680	15,136
Support services - students and staff		696	16,788
Support services - administration			
Operation and maintenance of plant services		33,850	
Operation of non-instructional services			
Capital outlay			13,405
Total expenditures		<u>111,226</u>	<u>45,329</u>
Change in fund balances	<u>863</u>	<u>8,533</u>	
Fund balances, beginning of year	559	19,922	
(Decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ 1,422</u>	<u>\$ 28,455</u>	<u>\$</u>

Early Childhood Block Grant	Gifted	Other State Projects	School Plant	Food Service	Civic Center
\$	\$	\$	\$	\$	\$
15,669	2,823	127,713	2,406	87,320	3,243
				204,964	
15,669	2,823	127,713	2,406	292,284	3,243
15,669	95				
	2,728	3,025			2,748
		124,688		291,085	
15,669	2,823	127,713		291,085	2,748
			2,406	1,199	495
			101,542	3,374	3,553
				(338)	
\$	\$	\$	\$	\$	\$
			103,948	4,235	4,048

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009
(Continued)

	Community School	Auxiliary Operations	Extracurricular Activities Fees Tax Credit
Revenues:			
Other local	\$ 1,166	\$ 123,799	\$ 37,987
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>1,166</u>	<u>123,799</u>	<u>37,987</u>
Expenditures:			
Current -			
Instruction	1,707		20,057
Support services - students and staff	538		
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services		124,234	
Capital outlay			
Total expenditures	<u>2,245</u>	<u>124,234</u>	<u>20,057</u>
Change in fund balances	<u>(1,079)</u>	<u>(435)</u>	<u>17,930</u>
Fund balances, beginning of year	4,161	46,298	57,961
(Decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ 3,082</u>	<u>\$ 45,863</u>	<u>\$ 75,891</u>

Gifts and Donations	Career and Technical Education and Vocational Education Projects	Fingerprint	Insurance Proceeds	Textbooks	Litigation Recovery
\$ 47,195	\$ 58	\$ 8	\$ 1,308	\$ 6,761	\$ 3,531
<u>47,195</u>	<u>58</u>	<u>8</u>	<u>1,308</u>	<u>6,761</u>	<u>3,531</u>
10,251 29	4,229			13 5,608	250
<u>30,702</u>					
<u>40,982</u>	<u>4,229</u>			<u>5,621</u>	<u>250</u>
<u>6,213</u>	<u>(4,171)</u>	<u>8</u>	<u>1,308</u>	<u>1,140</u>	<u>3,281</u>
220,791	4,769		1,031	7,264	57,982
<u>\$ 227,004</u>	<u>\$ 598</u>	<u>\$ 8</u>	<u>\$ 2,339</u>	<u>\$ 8,404</u>	<u>\$ 61,263</u>

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009
(Concluded)

	Indirect Costs	Unemployment Insurance	Joint Technological Education
Revenues:			
Other local	\$ 141	\$ 2,091	\$ 306,902
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>141</u>	<u>2,091</u>	<u>306,902</u>
Expenditures:			
Current -			
Instruction			253,577
Support services - students and staff			10,281
Support services - administration	4,069		
Operation and maintenance of plant services		1,875	
Operation of non-instructional services			
Capital outlay			42,380
Total expenditures	<u>4,069</u>	<u>1,875</u>	<u>306,238</u>
Change in fund balances	<u>(3,928)</u>	<u>216</u>	<u>664</u>
Fund balances, beginning of year	5,879	67,438	8,130
(Decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ 1,951</u>	<u>\$ 67,654</u>	<u>\$ 8,794</u>

Totals

\$	643,350
	636,166
	946,844
	<u>2,226,360</u>

1,405,178
200,448
74,954
160,413
415,319
<u>141,283</u>
<u>2,397,595</u>

(171,235)

841,378

(338)

\$	<u>669,805</u>
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BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009

	Classroom Site		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 3,723	\$ 3,723
State aid and grants	440,000	346,120	(93,880)
Federal aid, grants and reimbursements			
Total revenues	<u>440,000</u>	<u>349,843</u>	<u>(90,157)</u>
Expenditures:			
Current -			
Instruction	598,745	508,627	90,118
Support services - students and staff	48,471	22,301	26,170
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>647,216</u>	<u>530,928</u>	<u>116,288</u>
Change in fund balances	<u>(207,216)</u>	<u>(181,085)</u>	<u>26,131</u>
Fund balances, July 1, 2008	132,941	168,428	35,487
(Decrease) in reserve for inventory			
Fund balances (deficits), June 30, 2009	<u>\$ (74,275)</u>	<u>\$ (12,657)</u>	<u>\$ 61,618</u>

Instructional Improvement		
Budget	Actual	Variance - Positive (Negative)
\$ 44,000	\$ 966 44,067	\$ 966 67
44,000	45,033	1,033
100,000	67,256	32,744
100,000	67,256	32,744
(56,000)	(22,223)	33,777
51,465	52,140	675
\$ (4,535)	\$ 29,917	\$ 34,452

County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)
\$ 15,750	\$ 13,893	\$ (1,857)
15,750	13,893	(1,857)
18,000	14,837	3,163
2,000	1,626	374
20,000	16,463	3,537
(4,250)	(2,570)	1,680
10,609	10,156	(453)
\$ 6,359	\$ 7,586	\$ 1,227

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009
(Continued)

	Structured English Immersion		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants	64,492	54,445	(10,047)
Federal aid, grants and reimbursements			
Total revenues	<u>64,492</u>	<u>54,445</u>	<u>(10,047)</u>
Expenditures:			
Current -			
Instruction	58,920	49,741	9,179
Support services - students and staff	5,476	4,623	853
Support services - administration	96	81	15
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>64,492</u>	<u>54,445</u>	<u>10,047</u>
Change in fund balances			
Fund balances, July 1, 2008			
(Decrease) in reserve for inventory			
Fund balances (deficits), June 30, 2009	<u>\$</u>	<u>\$</u>	<u>\$</u>

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009
(Continued)

	Professional Development and Technology Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	73,542	69,148	(4,394)
Total revenues	<u>73,542</u>	<u>69,148</u>	<u>(4,394)</u>
Expenditures:			
Current -			
Instruction	48,572	45,670	2,902
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay	24,970	23,478	1,492
Total expenditures	<u>73,542</u>	<u>69,148</u>	<u>4,394</u>
Change in fund balances			
Fund balances, July 1, 2008			
(Decrease) in reserve for inventory			
Fund balances (deficits), June 30, 2009	<u>\$</u>	<u>\$</u>	<u>\$</u>

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009
(Continued)

	Vocational Education		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	300,655	30,178	(270,477)
Total revenues	<u>300,655</u>	<u>30,178</u>	<u>(270,477)</u>
Expenditures:			
Current -			
Instruction	64,170	6,441	57,729
Support services - students and staff	65,116	6,536	58,580
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay	171,369	17,201	154,168
Total expenditures	<u>300,655</u>	<u>30,178</u>	<u>270,477</u>
Change in fund balances			
Fund balances, July 1, 2008			
(Decrease) in reserve for inventory			
Fund balances (deficits), June 30, 2009	<u>\$</u>	<u>\$</u>	<u>\$</u>

Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 24	\$ 24
5,000	839	(4,161)
5,000	863	(4,137)
5,000		5,000
5,000		5,000
	863	863
	559	559
\$	\$ 1,422	\$ 1,422

Other Federal Projects		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 828	\$ 828
74,400	118,931	44,531
74,400	119,759	45,359
51,292	76,680	(25,388)
466	696	(230)
22,642	33,850	(11,208)
74,400	111,226	(36,826)
	8,533	8,533
	19,922	19,922
\$	\$ 28,455	\$ 28,455

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009
(Continued)

	Vocational Education		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants	46,997	45,329	(1,668)
Federal aid, grants and reimbursements			
Total revenues	<u>46,997</u>	<u>45,329</u>	<u>(1,668)</u>
Expenditures:			
Current -			
Instruction	15,693	15,136	557
Support services - students and staff	17,406	16,788	618
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay	13,898	13,405	493
Total expenditures	<u>46,997</u>	<u>45,329</u>	<u>1,668</u>
Change in fund balances			
Fund balances, July 1, 2008			
(Decrease) in reserve for inventory			
Fund balances (deficits), June 30, 2009	<u>\$</u>	<u>\$</u>	<u>\$</u>

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009
(Continued)

	Other State Projects		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants	133,904	127,713	(6,191)
Federal aid, grants and reimbursements			
Total revenues	<u>133,904</u>	<u>127,713</u>	<u>(6,191)</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	3,172	3,025	147
Support services - administration			
Operation and maintenance of plant services	130,732	124,688	6,044
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>133,904</u>	<u>127,713</u>	<u>6,191</u>
Change in fund balances			
Fund balances, July 1, 2008			
(Decrease) in reserve for inventory			
Fund balances (deficits), June 30, 2009	<u>\$</u>	<u>\$</u>	<u>\$</u>

School Plant			Food Service		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 3,226	\$ 2,406	\$ (820)	\$ 83,950	\$ 87,320	\$ 3,370
			197,050	204,964	7,914
<u>3,226</u>	<u>2,406</u>	<u>(820)</u>	<u>281,000</u>	<u>292,284</u>	<u>11,284</u>
88,000		88,000	260,000	291,085	(31,085)
<u>88,000</u>		<u>88,000</u>	<u>260,000</u>	<u>291,085</u>	<u>(31,085)</u>
(84,774)	2,406	87,180	21,000	1,199	(19,801)
101,543	101,542	(1)	795	3,374	2,579
				(338)	(338)
<u>\$ 16,769</u>	<u>\$ 103,948</u>	<u>\$ 87,179</u>	<u>\$ 21,795</u>	<u>\$ 4,235</u>	<u>\$ (17,560)</u>

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009
(Continued)

	Civic Center		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 3,500	\$ 3,243	\$ (257)
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>3,500</u>	<u>3,243</u>	<u>(257)</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	6,000	2,748	3,252
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>6,000</u>	<u>2,748</u>	<u>3,252</u>
Change in fund balances	<u>(2,500)</u>	<u>495</u>	<u>2,995</u>
Fund balances, July 1, 2008	3,553	3,553	
(Decrease) in reserve for inventory			
Fund balances (deficits), June 30, 2009	<u>\$ 1,053</u>	<u>\$ 4,048</u>	<u>\$ 2,995</u>

Community School		
Budget	Actual	Variance - Positive (Negative)
\$ 1,000	\$ 1,166	\$ 166
1,000	1,166	166
3,802	1,707	2,095
1,198	538	660
5,000	2,245	2,755
(4,000)	(1,079)	2,921
4,161	4,161	
\$ 161	\$ 3,082	\$ 2,921

Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 123,799	\$ 123,799
	123,799	123,799
130,000	124,234	5,766
130,000	124,234	5,766
(130,000)	(435)	129,565
	46,298	46,298
\$ (130,000)	\$ 45,863	\$ 175,863

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009
(Continued)

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 35,000	\$ 37,987	\$ 2,987
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>35,000</u>	<u>37,987</u>	<u>2,987</u>
Expenditures:			
Current -			
Instruction	47,000	20,057	26,943
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>47,000</u>	<u>20,057</u>	<u>26,943</u>
Change in fund balances	<u>(12,000)</u>	<u>17,930</u>	<u>29,930</u>
Fund balances, July 1, 2008	57,961	57,961	
(Decrease) in reserve for inventory			
Fund balances (deficits), June 30, 2009	<u>\$ 45,961</u>	<u>\$ 75,891</u>	<u>\$ 29,930</u>

Gifts and Donations			Career and Technical Education and Vocational Education Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 40,000	\$ 47,195	\$ 7,195	\$	\$ 58	\$ 58
40,000	47,195	7,195		58	58
37,520	10,251	27,269	5,000	4,229	771
106	29	77			
107,374	30,702	76,672			
145,000	40,982	104,018	5,000	4,229	771
(105,000)	6,213	111,213	(5,000)	(4,171)	829
220,791	220,791		4,548	4,769	221
\$ 115,791	\$ 227,004	\$ 111,213	\$ (452)	\$ 598	\$ 1,050

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009
(Continued)

	Fingerprint		
	Budget*	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 8	\$ 8
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>8</u>	<u>8</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures			
Change in fund balances		<u>8</u>	<u>8</u>
Fund balances, July 1, 2008			
(Decrease) in reserve for inventory			
Fund balances (deficits), June 30, 2009	<u>\$</u>	<u>\$ 8</u>	<u>\$ 8</u>

*The Fingerprint Fund was included in the District's budget, however, the budget was -0-.

Insurance Proceeds		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,308	\$ 1,308
	1,308	1,308
10,000		10,000
10,000		10,000
(10,000)	1,308	11,308
1,031	1,031	
\$ (8,969)	\$ 2,339	\$ 11,308

Textbooks		
Budget	Actual	Variance - Positive (Negative)
\$ 6,500	\$ 6,761	\$ 261
6,500	6,761	261
16	13	3
6,984	5,608	1,376
7,000	5,621	1,379
(500)	1,140	1,640
7,264	7,264	
\$ 6,764	\$ 8,404	\$ 1,640

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009
(Continued)

	Litigation Recovery		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 1,500	\$ 3,531	\$ 2,031
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>1,500</u>	<u>3,531</u>	<u>2,031</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	65,000	250	64,750
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>65,000</u>	<u>250</u>	<u>64,750</u>
Change in fund balances	<u>(63,500)</u>	<u>3,281</u>	<u>66,781</u>
Fund balances, July 1, 2008	57,982	57,982	
(Decrease) in reserve for inventory			
Fund balances (deficits), June 30, 2009	<u>\$ (5,518)</u>	<u>\$ 61,263</u>	<u>\$ 66,781</u>

Indirect Costs		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 141	\$ 141
	141	141
10,000	4,069	5,931
10,000	4,069	5,931
(10,000)	(3,928)	6,072
5,879	5,879	
\$ (4,121)	\$ 1,951	\$ 6,072

Unemployment Insurance		
Budget	Actual	Variance - Positive (Negative)
\$ 2,000	\$ 2,091	\$ 91
2,000	2,091	91
62,000	1,875	60,125
62,000	1,875	60,125
(60,000)	216	60,216
67,438	67,438	
\$ 7,438	\$ 67,654	\$ 60,216

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009
(Concluded)

	Joint Technological Education		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 314,000	\$ 306,902	\$ (7,098)
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>314,000</u>	<u>306,902</u>	<u>(7,098)</u>
Expenditures:			
Current -			
Instruction	284,845	253,577	31,268
Support services - students and staff	11,549	10,281	1,268
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay	47,606	42,380	5,226
Total expenditures	<u>344,000</u>	<u>306,238</u>	<u>37,762</u>
Change in fund balances	<u>(30,000)</u>	<u>664</u>	<u>30,664</u>
Fund balances, July 1, 2008	8,130	8,130	
(Decrease) in reserve for inventory			
Fund balances (deficits), June 30, 2009	<u>\$ (21,870)</u>	<u>\$ 8,794</u>	<u>\$ 30,664</u>

Totals		
Budget	Actual	Variance - Positive (Negative)
\$ 506,426	\$ 643,350	\$ 136,924
763,172	636,166	(127,006)
1,215,267	946,844	(268,423)
2,484,865	2,226,360	(258,505)
1,716,447	1,405,178	311,269
369,245	200,448	168,797
88,951	74,954	13,997
215,374	160,413	54,961
478,000	415,319	62,681
380,588	141,283	239,305
3,248,605	2,397,595	851,010
(763,740)	(171,235)	592,505
736,091	841,378	105,287
	(338)	(338)
\$ (27,649)	\$ 669,805	\$ 697,454

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NON-MAJOR CAPITAL PROJECTS FUNDS

The following non-major Capital Projects Funds are maintained by the District. Arizona Revised Statutes (A.R.S.) and the Uniform System of Financial Records (USFR) require the establishment of these funds for the specified financial activities.

Unrestricted Capital Outlay - to account for transactions relating to the acquisition of capital items.

Adjacent Ways - to account for monies received to finance improvements of public ways adjacent to school property.

Soft Capital Allocation - to account for transactions relating to the acquisition of short-term capital items required to meet academic adequacy standards.

Gifts and Donations - to account for gifts and donations to be expended for capital acquisitions.

Building Renewal - to account for monies received from the School Facilities Board that are used for infrastructure or for major upgrades, repairs, or renovations to areas, systems or buildings that will maintain or extend their useful life.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2009

	Unrestricted Capital Outlay	Adjacent Ways	Soft Capital Allocation	Gifts and Donations
<u>ASSETS</u>				
Cash and investments	\$ 653,718	\$ 583,528	\$ 110,184	\$ 492
Property taxes receivable	6,410	19,443	15,277	
Due from governmental entities	40,337		33,104	
Total assets	\$ 700,465	\$ 602,971	\$ 158,565	\$ 492
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Construction contracts payable	\$	\$ 123,050	\$	\$
Deferred revenues	5,308	16,465	12,976	
Total liabilities	5,308	139,515	12,976	
Fund balances:				
Unreserved:				
Undesignated	695,157	463,456	145,589	492
Total fund balances	695,157	463,456	145,589	492
Total liabilities and fund balances	\$ 700,465	\$ 602,971	\$ 158,565	\$ 492

Building Renewal	Totals
\$ 57,342	\$ 1,405,264
	41,130
	73,441
<u>\$ 57,342</u>	<u>\$ 1,519,835</u>

\$	\$ 123,050
	34,749
	<u>157,799</u>

57,342	1,362,036
<u>57,342</u>	<u>1,362,036</u>
<u>\$ 57,342</u>	<u>\$ 1,519,835</u>

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2009

	Unrestricted Capital Outlay	Adjacent Ways	Soft Capital Allocation
Revenues:			
Other local	\$ 43,631	\$ 16,598	\$ 1,109
Property taxes	94,380	216,652	163,158
State aid and grants	133,132		171,293
Total revenues	<u>271,143</u>	<u>233,250</u>	<u>335,560</u>
Expenditures:			
Capital outlay	154,513	388,228	352,989
Debt service -			
Interest and fiscal charges	3,243		
Principal retirement	62,529		
Total expenditures	<u>220,285</u>	<u>388,228</u>	<u>352,989</u>
Change in fund balances	<u>50,858</u>	<u>(154,978)</u>	<u>(17,429)</u>
Fund balances, beginning of year	644,299	618,434	163,018
Fund balances, end of year	<u>\$ 695,157</u>	<u>\$ 463,456</u>	<u>\$ 145,589</u>

Gifts and Donations	Building Renewal	Totals
\$ 15	\$ 1,707	\$ 63,060
		474,190
		304,425
15	1,707	841,675
	68,618	964,348
		3,243
		62,529
	68,618	1,030,120
15	(66,911)	(188,445)
477	124,253	1,550,481
\$ 492	\$ 57,342	\$ 1,362,036

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2009

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 24,726	\$ 43,631	\$ 18,905
Property taxes	58,495	94,380	35,885
State aid and grants	131,688	133,132	1,444
Total revenues	<u>214,909</u>	<u>271,143</u>	<u>56,234</u>
Expenditures:			
Capital outlay	253,800	154,513	99,287
Debt service -			
Interest and fiscal charges	3,243	3,243	
Principal retirement	62,529	62,529	
Total expenditures	<u>319,572</u>	<u>220,285</u>	<u>99,287</u>
Change in fund balances	<u>(104,663)</u>	<u>50,858</u>	<u>155,521</u>
Fund balances, July 1, 2008	100,000	644,299	544,299
Fund balances (deficits), June 30, 2009	<u>\$ (4,663)</u>	<u>\$ 695,157</u>	<u>\$ 699,820</u>

Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)
\$	\$	\$
200,000	16,598 216,652	16,598 16,652
200,000	233,250	33,250
1,083,000	388,228	694,772
1,083,000	388,228	694,772
(883,000)	(154,978)	728,022
100,000	618,434	518,434
\$ (783,000)	\$ 463,456	\$ 1,246,456

Soft Capital Allocation		
Budget	Actual	Variance - Positive (Negative)
\$	\$	\$
179,416	1,109 163,158	1,109 (16,258)
173,556	171,293	(2,263)
352,972	335,560	(17,412)
373,427	352,989	20,438
373,427	352,989	20,438
(20,455)	(17,429)	3,026
40,000	163,018	123,018
\$ 19,545	\$ 145,589	\$ 126,044

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2009
(Concluded)

	Gifts and Donations		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 15	\$ 15
Property taxes			
State aid and grants			
Total revenues		15	15
Expenditures:			
Capital outlay	500		500
Debt service -			
Interest and fiscal charges			
Principal retirement			
Total expenditures	500		500
Change in fund balances	(500)	15	515
Fund balances, July 1, 2008	477	477	
Fund balances (deficits), June 30, 2009	\$ (23)	\$ 492	\$ 515

Building Renewal		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,707	\$ 1,707
	1,707	1,707
286,000	68,618	217,382
286,000	68,618	217,382
(286,000)	(66,911)	219,089
124,253	124,253	
\$ (161,747)	\$ 57,342	\$ 219,089

Totals		
Budget	Actual	Variance - Positive (Negative)
\$ 24,726	\$ 63,060	\$ 38,334
437,911	474,190	36,279
305,244	304,425	(819)
767,881	841,675	73,794
1,996,727	964,348	1,032,379
3,243	3,243	
62,529	62,529	
2,062,499	1,030,120	1,032,379
(1,294,618)	(188,445)	1,106,173
364,730	1,550,481	1,185,751
\$ (929,888)	\$ 1,362,036	\$ 2,291,924

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AGENCY FUNDS

Student Activities - to account for monies raised by students to finance student clubs and organizations but held by the District as an agent.

Employee Withholding - to account for voluntary deductions temporarily held by the District as an agent.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2009

	<u>Student Activities</u>	<u>Employee Withholding</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and investments	\$ 65,156	\$ 7,030	\$ 72,186
Total assets	<u>\$ 65,156</u>	<u>\$ 7,030</u>	<u>\$ 72,186</u>
<u>LIABILITIES</u>			
Deposits held for others		7,030	7,030
Due to student groups	65,156		65,156
Total liabilities	<u>\$ 65,156</u>	<u>\$ 7,030</u>	<u>\$ 72,186</u>

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
YEAR ENDED JUNE 30, 2009

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 76,507	\$ 174,643	\$ 185,994	\$ 65,156
Total assets	\$ <u>76,507</u>	\$ <u>174,643</u>	\$ <u>185,994</u>	\$ <u>65,156</u>
<u>Liabilities</u>				
Due to student groups	\$ 76,507	\$ 174,643	\$ 185,994	\$ 65,156
Total liabilities	\$ <u>76,507</u>	\$ <u>174,643</u>	\$ <u>185,994</u>	\$ <u>65,156</u>
<u>EMPLOYEE WITHHOLDING FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 6,513	\$ 74,042	\$ 73,525	\$ 7,030
Total assets	\$ <u>6,513</u>	\$ <u>74,042</u>	\$ <u>73,525</u>	\$ <u>7,030</u>
<u>Liabilities</u>				
Deposits held for others	\$ 6,513	\$ 74,042	\$ 73,525	\$ 7,030
Total liabilities	\$ <u>6,513</u>	\$ <u>74,042</u>	\$ <u>73,525</u>	\$ <u>7,030</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 83,020	\$ 248,685	\$ 259,519	\$ 72,186
Total assets	\$ <u>83,020</u>	\$ <u>248,685</u>	\$ <u>259,519</u>	\$ <u>72,186</u>
<u>Liabilities</u>				
Deposits held for others	\$ 6,513	\$ 74,042	\$ 73,525	\$ 7,030
Due to student groups	<u>76,507</u>	<u>174,643</u>	<u>185,994</u>	<u>65,156</u>
Total liabilities	\$ <u>83,020</u>	\$ <u>248,685</u>	\$ <u>259,519</u>	\$ <u>72,186</u>

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STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the District's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the District's current levels of outstanding debt as well as assess the District's ability make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place and to help make comparisons with other school districts.

Operating Information

These schedules contain information about the District's operations and various resources to help the reader draw conclusions as to how the District's financial information relates to the services provided by the District.

Due to cost considerations for the accumulation of data, the District has elected to present less than ten years of data, or data from less than nine years prior, for certain statistical schedules. In addition, the District was created July 1, 2000, therefore, only nine years of data is available. This information will be accumulated and reported each year until the complete ten years of data is presented.

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BENSON UNIFIED SCHOOL DISTRICT NO. 9
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net Assets:					
Invested in capital assets, net of related debt	\$ 15,352,320	\$ 14,262,864	\$ 14,169,929	\$ 13,951,638	\$ 13,772,739
Restricted	1,938,763	1,922,416	1,379,669	1,258,043	1,056,014
Unrestricted	2,318,731	3,714,320	3,284,093	3,186,731	3,620,622
Total net assets	<u>\$ 19,609,814</u>	<u>\$ 19,899,600</u>	<u>\$ 18,833,691</u>	<u>\$ 18,396,412</u>	<u>\$ 18,449,375</u>

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net Assets:			
Invested in capital assets, net of related debt	\$ 12,450,344	\$ 8,245,907	\$ 4,668,643
Restricted	1,028,425	3,030,770	2,487,861
Unrestricted	4,547,488	2,810,327	2,618,953
Total net assets	<u>\$ 18,026,257</u>	<u>\$ 14,087,004</u>	<u>\$ 9,775,457</u>

Source: The source of this information is the District's financial records.

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2002 therefore only eight years are shown.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST EIGHT FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses					
Instruction	\$ 5,749,233	\$ 5,276,390	\$ 5,067,259	\$ 5,113,094	\$ 4,784,465
Support services - students and staff	804,522	570,586	671,034	648,614	720,950
Support services - administration	1,119,499	1,226,320	945,596	857,836	789,881
Operation and maintenance of plant services	1,269,082	1,167,940	1,161,934	1,037,598	1,008,319
Student transportation services	615,847	487,109	497,104	456,640	399,878
Operation of non-instructional services	476,938	565,055	500,907	343,755	321,703
Interest on long-term debt	333,025	51,616	57,327	75,222	86,322
Total expenses	<u>10,368,146</u>	<u>9,345,016</u>	<u>8,901,161</u>	<u>8,532,759</u>	<u>8,111,518</u>
Program Revenues					
Charges for services:					
Instruction	589,466	477,264	567,537	696,427	310,830
Operation of non-instructional services	209,945	242,258	267,999	172,388	134,588
Other activities	3,127	9,771	39,890	23,854	40,726
Operating grants and contributions	1,217,343	1,150,670	968,548	935,627	954,131
Capital grants and contributions	66,575	19,954	44,052	57,702	17,549
Total program revenues	<u>2,086,456</u>	<u>1,899,917</u>	<u>1,888,026</u>	<u>1,885,998</u>	<u>1,457,824</u>
Net (Expense)/Revenue	<u>\$ (8,281,690)</u>	<u>\$ (7,445,099)</u>	<u>\$ (7,013,135)</u>	<u>\$ (6,646,761)</u>	<u>\$ (6,653,694)</u>

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST EIGHT FISCAL YEARS
(Accrual basis of accounting)

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Expenses			
Instruction	\$ 5,865,701	\$ 4,602,212	\$ 4,213,526
Support services - students and staff	660,212	912,969	981,641
Support services - administration	737,820	836,875	683,965
Operation and maintenance of plant services	1,181,569	1,316,907	790,802
Student transportation services	414,665	520,053	506,645
Operation of non-instructional services	326,615	320,028	320,837
Interest on long-term debt	59,748	161,743	181,322
Total expenses	<u>9,246,330</u>	<u>8,670,787</u>	<u>7,678,738</u>
Program Revenues			
Charges for services:			
Instruction	417,148	258,678	369,337
Operation of non-instructional services	84,210	140,472	63,789
Other activities	15,173	158,818	157,483
Operating grants and contributions	768,222	1,239,737	1,351,431
Capital grants and contributions	37,586	86,608	242,501
Total program revenues	<u>1,322,339</u>	<u>1,884,313</u>	<u>2,184,541</u>
Net (Expense)/Revenue	<u>\$ (7,923,991)</u>	<u>\$ (6,786,474)</u>	<u>\$ (5,494,197)</u>

Source: The source of this information is the District's financial records.

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2002 therefore only eight years are shown.

(Concluded)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net (Expense)/Revenue	\$ (8,281,690)	\$ (7,445,099)	\$ (7,013,135)	\$ (6,646,761)	\$ (6,653,694)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	2,639,060	2,823,387	2,555,180	1,972,886	2,362,434
Property taxes, levied for debt service	659,258	622,386	542,615	541,967	559,541
Property taxes, levied for capital outlay	497,924	339,273	229,216	370,946	82,850
Investment income (loss)	268,107	210,321	149,735	111,269	63,669
Unrestricted county aid		741	5,817	103,466	302,498
Unrestricted state aid	3,927,555	4,509,900	3,967,851	3,493,264	3,705,820
Unrestricted federal aid		5,000			
Total general revenues	<u>7,991,904</u>	<u>8,506,008</u>	<u>7,450,414</u>	<u>6,593,798</u>	<u>7,076,812</u>
Changes in Net Assets	<u>\$ (289,786)</u>	<u>\$ 1,060,909</u>	<u>\$ 437,279</u>	<u>\$ (52,963)</u>	<u>\$ 423,118</u>

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Accrual basis of accounting)

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net (Expense)/Revenue	\$ (7,923,991)	\$ (6,786,474)	\$ (5,494,197)
General Revenues:			
Taxes:			
Property taxes, levied for general purposes	2,588,286	2,465,489	2,581,087
Property taxes, levied for debt service	567,522	556,518	510,196
Property taxes, levied for capital outlay	89,959	24,508	88,806
Investment income (loss)	77,043	(67,732)	119,275
Unrestricted county aid	373,024	304,362	118,941
Unrestricted state aid	5,893,310	7,765,303	4,267,976
Total general revenues	<u>9,589,144</u>	<u>11,048,448</u>	<u>7,686,281</u>
Changes in Net Assets	<u>\$ 1,665,153</u>	<u>\$ 4,261,974</u>	<u>\$ 2,192,084</u>

Source: The source of this information is the District's financial records.

Notes: 1) The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2002 therefore only eight years are shown.

2) In fiscal year 2003, investment income includes an investment loss due to a loss suffered in the participation of the Local Government Investment Pool.

3) The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09. As a result, state equalization revenues were increased.

(Concluded)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:					
Reserved	\$ 25,001	\$ 18,163	\$ 26,657	\$ 29,437	\$ 23,237
Unreserved	2,042,297	2,439,860	2,004,550	1,760,536	2,057,520
Total General Fund	<u>\$ 2,067,298</u>	<u>\$ 2,458,023</u>	<u>\$ 2,031,207</u>	<u>\$ 1,789,973</u>	<u>\$ 2,080,757</u>
All Other Governmental Funds:					
Reserved	\$ 2,241	\$ 2,579	\$ 2,265	\$ 13,775	\$
Unreserved, reported in:					
Special revenue funds	667,564	838,799	815,163	840,466	927,019
Capital projects funds	5,879,717	7,899,727	1,257,418	1,120,020	931,389
Debt service fund	488,777	336,755	107,939	77,360	71,022
Total all other governmental funds	<u>\$ 7,038,299</u>	<u>\$ 9,077,860</u>	<u>\$ 2,182,785</u>	<u>\$ 2,051,621</u>	<u>\$ 1,929,430</u>
	<u>2004</u>	<u>2003</u>	<u>2002</u>		
General Fund:					
Reserved	\$ 32,486	\$ 134,879	\$ 503,292		
Unreserved	1,684,586	1,411,675	872,171		
Total General Fund	<u>\$ 1,717,072</u>	<u>\$ 1,546,554</u>	<u>\$ 1,375,463</u>		
All Other Governmental Funds:					
Reserved	\$	\$	\$		
Unreserved, reported in:					
Special revenue funds	799,339	776,709	788,040		
Capital projects funds	901,236	2,940,950	2,337,894		
Debt service funds	62,136	51,409	42,187		
Total all other governmental funds	<u>\$ 1,762,711</u>	<u>\$ 3,769,068</u>	<u>\$ 3,168,121</u>		

Source: The source of this information is the District's financial records.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
GOVERNMENTAL FUNDS REVENUES
LAST EIGHT FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Federal sources:					
Federal grants	\$ 741,880	744,770	\$ 705,377	\$ 740,458	\$ 739,218
National School Lunch Program	204,964	170,764	163,674	143,556	135,351
Total federal sources	<u>946,844</u>	<u>915,534</u>	<u>869,051</u>	<u>884,014</u>	<u>874,569</u>
State sources:					
State equalization assistance	3,537,368	3,859,120	3,280,059	2,939,427	2,816,380
State grants	245,979	150,003	143,549	160,844	90,480
School Facilities Board		85,104	169,021	131,992	521,492
Other revenues	390,187	565,676	518,771	411,401	387,690
Total state sources	<u>4,173,534</u>	<u>4,659,903</u>	<u>4,111,400</u>	<u>3,643,664</u>	<u>3,816,042</u>
Local sources:					
Property taxes	3,633,855	3,671,878	3,478,391	2,909,351	3,171,950
County aid		741	5,817	103,466	302,498
Food service sales	86,146	103,524	105,107	68,421	63,596
Investment income	268,107	210,321	149,735	116,301	63,669
Other revenues	807,487	735,856	770,319	819,216	560,378
Total local sources	<u>4,795,595</u>	<u>4,722,320</u>	<u>4,509,369</u>	<u>4,016,755</u>	<u>4,162,091</u>
Total revenues	<u>\$ 9,915,973</u>	<u>\$ 10,297,757</u>	<u>\$ 9,489,820</u>	<u>\$ 8,544,433</u>	<u>\$ 8,852,702</u>

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Federal sources:			
Federal grants	\$ 547,773	\$ 1,035,442	\$ 1,267,871
National School Lunch Program	123,384	135,763	117,021
Total federal sources	<u>671,157</u>	<u>1,171,205</u>	<u>1,384,892</u>
State sources:			
State equalization assistance	2,904,975	3,892,805	3,453,862
State grants	131,845	127,220	165,551
School Facilities Board	2,667,310	3,523,948	413,706
Other revenues	310,603	380,599	329,255
Total state sources	<u>6,014,733</u>	<u>7,924,572</u>	<u>4,362,374</u>
Local sources:			
Property taxes	3,073,986	3,109,537	3,176,746
County aid	373,024	304,362	118,941
Food service sales	59,860	65,592	72,537
Investment income	77,043	(67,731)	119,275
Other revenues	478,868	492,375	594,285
Total local sources	<u>4,062,781</u>	<u>3,904,135</u>	<u>4,081,784</u>
Total revenues	<u>\$ 10,748,671</u>	<u>\$ 12,999,912</u>	<u>\$ 9,829,050</u>

Source: The source of this information is the District's financial records.

- Notes:** 1) In fiscal year 2003, investment income includes an investment loss due to a loss suffered in the participation of the Local Government Investment Pool.
- 2) The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09. As a result, state equalization revenues were increased.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST EIGHT FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenditures:					
Current -					
Instruction	4,701,513	\$ 4,548,063	\$ 4,274,822	\$ 4,271,420	\$ 3,662,199
Support services - students and staff	772,871	566,273	652,211	625,292	709,185
Support services - administration	1,066,395	1,134,181	914,898	822,664	757,650
Operation and maintenance of plant services	1,233,710	1,117,714	1,116,697	1,012,890	991,000
Student transportation services	463,823	418,713	391,673	400,380	339,381
Operation of non-instructional services	463,764	479,006	462,520	344,117	309,420
Capital outlay	2,937,196	544,744	668,540	621,386	888,675
Debt service -					
Interest and fiscal charges	315,958	20,703	40,260	58,155	69,255
Principal retirement	397,529	489,443	581,511	576,697	586,374
Bond issuance costs		138,009			
Total expenditures	<u>\$ 12,352,759</u>	<u>\$ 9,456,849</u>	<u>\$ 9,103,132</u>	<u>\$ 8,733,001</u>	<u>\$ 8,313,139</u>
 Expenditures for capitalized assets	 \$ 2,422,342	 \$ 183,831	 \$ 305,661	 \$ 275,356	 \$ 106,872
 Debt service as a percentage of noncapital expenditures	 7%	 7%	 7%	 8%	 8%

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST EIGHT FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Expenditures:			
Current -			
Instruction	\$ 3,801,939	\$ 3,804,533	\$ 3,808,840
Support services - students and staff	633,660	835,645	945,566
Support services - administration	659,485	754,661	745,163
Operation and maintenance of plant services	935,920	1,101,375	1,018,156
Student transportation services	317,030	410,850	405,992
Operation of non-instructional services	311,803	297,922	299,537
Capital outlay	5,573,873	4,073,639	903,053
Debt service -			
Interest and fiscal charges	59,748	161,743	181,322
Principal retirement	508,506	419,093	408,895
Bond issuance costs	80,511		
Total expenditures	<u>\$ 12,882,475</u>	<u>\$ 11,859,461</u>	<u>\$ 8,716,524</u>
Expenditures for capitalized assets	\$ 3,978,645	\$ 3,638,927	\$ 414,357
Debt service as a percentage of noncapital expenditures	7%	7%	7%

Source: The source of this information is the District's financial records.

(Concluded)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Excess (deficiency) of revenues over expenditures	\$ (2,436,786)	\$ 840,908	\$ 386,688	\$ (188,568)	\$ 539,563
Other financing sources (uses):					
Transfers in	150,569	36,181	8,445	2,727	19,801
Transfers out	(150,569)	(36,181)	(8,445)	(2,727)	(19,801)
Issuance of school improvement bonds		6,365,000			
Refunding bonds issued					
Premium on sale of bonds		124,163			
Proceeds from sale of capital assets					
Capital lease agreements					
Payment to refunded bond escrow agent					
Total other financing sources (uses)		6,489,163			
Changes in fund balances	<u>\$ (2,436,786)</u>	<u>\$ 7,330,071</u>	<u>\$ 386,688</u>	<u>\$ (188,568)</u>	<u>\$ 539,563</u>

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Excess (deficiency) of revenues over expenditures	\$ (2,133,804)	\$ 1,140,451	\$ 1,112,526
Other financing sources (uses):			
Transfers in	25,091		29,052
Transfers out	(25,091)		(29,052)
Issuance of school improvement bonds			
Refunding bonds issued	2,480,000		
Premium on sale of bonds	78,099		
Proceeds from sale of capital assets			
Capital lease agreements	315,182		29,663
Payment to refunded bond escrow agent	(2,472,923)		
Total other financing sources (uses)			29,663
Changes in fund balances	<u>\$ (1,733,446)</u>	<u>\$ 1,140,451</u>	<u>\$ 1,142,189</u>

Source: The source of this information is the District's financial records.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST NINE FISCAL YEARS

Fiscal Year Ended June 30	Secondary Assessed Valuation	Total Direct Rate	Estimated Actual Value	Ratio of Net Assessed to Estimated Actual Value
2009	\$ 77,218,210	5.25	\$ 571,951,645	13.50 %
2008	63,699,384	6.47	457,122,036	13.93
2007	57,811,823	6.52	403,057,297	14.34
2006	51,967,008	6.35	360,696,243	14.41
2005	48,892,250	8.43	336,369,202	14.54
2004	47,851,850	7.64	322,642,094	14.83
2003	46,760,044	7.33	304,184,260	15.37
2002	43,945,780	8.32	291,536,529	15.07
2001	37,907,843	8.98	251,808,131	15.05

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST NINE FISCAL YEARS

Fiscal Year Ended June 30	Overlapping Rates							District Direct Rates		
	County	County Free Library	Flood Control District	Community College District	Fire District Assistance	City of Benson	Cochise Joint Technology District	Primary	Secondary	Total
2009	2.68	0.15	0.26	1.66	0.08	0.51	0.05	3.53	1.72	5.25
2008	2.87	0.15	0.26	1.74	0.09	0.55	0.05	4.50	1.97	6.47
2007	2.92	0.16	0.26	1.79	0.09	0.63	0.05	4.53	1.99	6.52
2006	2.94	0.16	0.26	1.79	0.09	0.63	0.05	4.18	2.17	6.35
2005	2.94	0.16	0.26	1.79	0.10	0.65	0.05	6.15	2.28	8.43
2004	2.94	0.16	0.26	1.79	0.10	0.62	0.05	5.13	2.51	7.64
2003	2.94	0.16	0.26	1.79	0.10	0.60	0.05	5.20	2.13	7.33
2002	2.94	0.16	0.26	1.74	0.10	0.58	0.05	6.06	2.26	8.32
2001	2.94	0.16	0.26	1.74	0.10	0.62	0.05	6.26	2.72	8.98

Source: The source of this information is the Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND EIGHT YEARS AGO

Taxpayer	2009		2002	
	Secondary Assessed Valuation	Percentage of District's Net Assessed Valuation	Secondary Assessed Valuation	Percentage of District's Net Assessed Valuation
Private Individual	\$ 3,189,112	4.13 %	\$	%
Wal-Mart Stores Inc	2,795,299	3.62		
Arizona Electric Power Co-op	1,590,695	2.06	3,212,437	7.31
Silver Two Investments LLC	1,104,220	1.43		
Sulpher Springs Valley	1,081,055	1.40	1,353,530	3.08
Cochise Terrace LLC	942,062	1.22		
Qwest Corporation	795,348	1.03	1,010,753	2.30
Private Individual	764,460	0.99		
Southwest Transmission Cooperative	718,129	0.93		
Private Individual	679,520	0.88		
El Paso Natural Gas			1,019,542	2.32
Southwest Gas Corporation			667,976	1.52
APS			580,084	1.32
Union Pacific Railroad			553,717	1.26
Price Development			329,593	0.75
Tucson Electric Power			276,858	0.63
Apache Nitrogen			237,307	0.54
Total	<u>\$ 13,659,900</u>	<u>17.69 %</u>	<u>\$ 9,241,797</u>	<u>21.03 %</u>

Source: The source of this information is the Cochise County Assessor's records.

**BENSON UNIFIED SCHOOL DISTRICT NO. 9
PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE FISCAL YEARS**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 3,594,607	\$ 3,374,952	93.89 %	\$	\$ 3,374,952	93.89 %
2008	3,598,234	3,443,883	95.71	23,071	3,466,954	96.35
2007	3,421,667	3,413,275	99.75	5,975	3,419,250	99.93
2006	2,958,818	2,797,415	94.55	161,403	2,958,818	100.00
2005	3,014,271	2,880,634	95.57	133,432	3,014,066	99.99
2004	3,030,105	2,812,247	92.81	217,846	3,030,093	100.00
2003	2,919,630	2,737,937	93.78	181,681	2,919,618	100.00
2002	3,077,343	2,858,963	92.90	218,372	3,077,335	100.00
2001	3,023,504	2,810,973	92.97	212,527	3,023,500	100.00

Source: The source of this information is the 2009 County Treasurer's records.

Notes: 1) Amounts collected are on a cash basis.

2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

**BENSON UNIFIED SCHOOL DISTRICT NO. 9
OUTSTANDING DEBT BY TYPE
LAST NINE FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	General Obligation Bonds	Less:	Total	Percentage of Estimated Actual Value	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value	Per Capita	Percentage of Personal Income	
		Amounts Restricted for Principal									
2009	\$ 6,365,000	\$ 335,000	\$ 6,030,000	1.05 %	\$ 1,165	\$	\$ 6,030,000	1.05 %	\$ 1,165	N/A %	
2008	6,795,000	430,000	6,365,000	1.39	1,230	62,529	6,427,529	1.41	1,242	168.09	
2007	955,000	525,000	430,000	0.11	83	121,972	551,972	0.14	107	15.46	
2006	1,470,000	515,000	955,000	0.26	195	178,483	1,133,483	0.31	231	33.42	
2005	1,980,000	510,000	1,470,000	0.44	310	240,180	1,710,180	0.51	361	55.83	
2004	2,480,000	500,000	1,980,000	0.61	415	316,554	2,296,554	0.71	481	81.86	
2003	2,790,000	400,000	2,390,000	0.79	501	9,878	2,399,878	0.79	503	90.27	
2002	3,180,000	390,000	2,790,000	0.96	588	28,971	2,818,971	0.97	594	106.04	
2001	3,550,000	370,000	3,180,000	1.26	667	36,141	3,216,141	0.01	675	128.17	

Source: The source of this information is the District's financial records.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Direct:			
Benson Unified School District No. 9	6,030,000		<u>6,030,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 6,030,000</u></u>

Source: The source of this information is the District's records and the State and County Abstract of the Assessment Roll, Arizona Department of Revenue and the applicable governmental unit.

Note: No overlapping jurisdictions have outstanding debt therefore no overlapping debt is presented.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
LEGAL DEBT MARGIN INFORMATION
LAST EIGHT FISCAL YEARS

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2009:

Secondary assessed valuation	\$ 77,218,210
Debt limit (10% of assessed value)	7,721,821
Debt applicable to limit	<u>6,030,000</u>
Legal debt margin	<u><u>\$ 1,691,821</u></u>

Legal Debt Margin Calculation for Fiscal Year 2009:

Secondary assessed valuation	\$ 77,218,210
Debt limit (30% of assessed value)	23,165,463
Debt applicable to limit	<u>6,030,000</u>
Legal debt margin	<u><u>\$ 17,135,463</u></u>

	Fiscal Year Ended June 30				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt limit	\$ 23,165,463	\$ 19,109,815	\$ 17,343,547	\$ 15,590,102	\$ 14,667,675
Total net debt applicable to limit	<u>6,030,000</u>	<u>6,365,000</u>	<u>430,000</u>	<u>955,000</u>	<u>1,470,000</u>
Legal debt margin	<u><u>\$ 17,135,463</u></u>	<u><u>\$ 12,744,815</u></u>	<u><u>\$ 16,913,547</u></u>	<u><u>\$ 14,635,102</u></u>	<u><u>\$ 13,197,675</u></u>
Total net debt applicable to the limit as a percentage of debt limit	26%	33%	2%	6%	10%

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt limit	\$ 14,355,555	\$ 14,028,013	\$ 13,183,734
Total net debt applicable to limit	<u>1,980,000</u>	<u>2,390,000</u>	<u>2,790,000</u>
Legal debt margin	<u><u>\$ 12,375,555</u></u>	<u><u>\$ 11,638,013</u></u>	<u><u>\$ 10,393,734</u></u>
Total net debt applicable to the limit as a percentage of debt limit	14%	17%	21%

Source: The source of this information is the District's financial records.

Note: The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limit on Class B bonds. The calculations of the debt margins are presented in detail for the current fiscal year only.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST EIGHT CALENDAR YEARS

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2008	139,434	\$ N/A	\$ N/A	5.3 %	5,175
2007	137,200	3,823,812	29,890	4.1	5,175
2006	135,150	3,570,455	28,166	4.5	5,150
2005	131,790	3,391,771	26,886	4.9	4,900
2004	129,600	3,063,406	24,732	5.0	4,740
2003	125,430	2,805,344	23,051	5.7	4,775
2002	123,945	2,658,448	22,152	5.9	4,775
2001	120,845	2,509,222	21,130	4.9	4,745

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic
The source of the "Population" and "Unemployment Rate" information is the State of Arizona,
and Department of Economic Security.

Note: N/A indicates that the information is not available.

**BENSON UNIFIED SCHOOL DISTRICT NO. 9
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND EIGHT YEARS AGO**

<u>Employer</u>	<u>2009</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Wal-Mart Supercenter of Benson	220	11.00 %		%
Sierra Southwest Cooperative Services, Inc.	316	15.80	250	12.59
Benson Unified School District	157	7.85	172	8.66
Southeastern Arizona Behavioral Health Services, Inc.	144	7.20		
Benson Hospital Corporation	125	6.25	144	7.25
Gas City/Holiday Inn Express	80	4.00	96	4.84
City of Benson	90	4.50	86	4.33
Apache Nitrogen Products, Inc.	85	4.25	88	4.43
Quiburi Mission	85	4.25	80	4.03
Total	<u>1,082</u>	<u>54.10 %</u>	<u>916</u>	<u>46.13 %</u>
Total employment	<u>2,000</u>		<u>1,985</u>	

Source: Cochise College Center for Economic Research Economic Focus.

Note: Only the top nine employers were available.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST EIGHT FISCAL YEARS

	Full-time Equivalent Employees as of June 30				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Supervisory					
Superintendent	1	1	1	1	1
Principals	4	4	3	3	3
Assistant principals	3	3	2	2	2
Total supervisory	<u>8</u>	<u>8</u>	<u>6</u>	<u>6</u>	<u>6</u>
Instruction					
Teachers	66	65	65	65	66
Other professionals (instructional)	1	1	1	1	1
Aides	14	14	13	11	14
Total instruction	<u>81</u>	<u>80</u>	<u>79</u>	<u>77</u>	<u>81</u>
Student Services					
Librarians	1	1	1	1	1
Therapist, counselors, nurse	6	6	6	6	6
Technicians	8	8	8	8	9
Total student services	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>16</u>
Support and Administration					
Service workers	45	44	42	41	42
Total support and administration	<u>45</u>	<u>44</u>	<u>42</u>	<u>41</u>	<u>42</u>
Total	<u><u>149</u></u>	<u><u>147</u></u>	<u><u>142</u></u>	<u><u>139</u></u>	<u><u>145</u></u>

(Continued)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST EIGHT FISCAL YEARS

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Supervisory			
Superintendent	1	1	1
Principals	2	3	3
Assistant principals	2	1	
Total supervisory	<u>5</u>	<u>5</u>	<u>4</u>
Instruction			
Teachers	64	62	65
Other professionals (instructional)	1	1	1
Aides	14	15	9
Total instruction	<u>79</u>	<u>78</u>	<u>75</u>
Student Services			
Librarians	1	1	1
Therapist, counselors, nurse	6	5	5
Technicians	9	9	10
Total student services	<u>16</u>	<u>15</u>	<u>16</u>
Support and Administration			
Service workers	42	43	55
Total support and administration	<u>42</u>	<u>43</u>	<u>55</u>
Total	<u>142</u>	<u>141</u>	<u>150</u>

Source: The source of this information is District records.

(Concluded)

BENSON UNIFIED SCHOOL DISTRICT NO. 9
OPERATING STATISTICS
LAST EIGHT FISCAL YEARS

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Free/Reduced Students
2009	1,033	\$ 8,702,076	\$ 8,424	(1.83) %	\$ 10,368,146	\$ 10,037	3.43 %	66	15.7	45 %
2008	963	8,263,950	8,581	6.32	9,345,016	9,704	5.53	65	14.8	42
2007	968	7,812,821	8,071	3.42	8,901,161	9,195	3.24	66	14.7	43
2006	958	7,476,763	7,805	9.42	8,532,759	8,907	4.20	66	14.5	40
2005	949	6,768,835	7,133	3.24	8,111,518	8,547	(10.89)	67	14.2	40
2004	964	6,659,837	6,909	(7.18)	9,246,330	9,592	7.08	64	15.1	39
2003	968	7,204,986	7,443	1.29	8,670,787	8,957	14.67	62	15.6	39
2002	983	7,223,254	7,348	3.39	7,678,738	7,812	N/A	65	15.1	39

Source: The source of this information is the District's financial records.

Notes: 1) Operating expenditures are total expenditures less debt service and capital outlay.

2) N/A indicates the information is not available as the District implemented GASB Statement No. 34 in fiscal year 2002.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
CAPITAL ASSETS INFORMATION
LAST EIGHT FISCAL YEARS

	Fiscal Year Ended June 30							
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Schools</u>								
<u>Elementary</u>								
Buildings	7	7	7	7	7	7	7	7
Square feet	33,997	33,997	33,997	33,997	33,997	33,997	33,000	33,000
Capacity	378	378	378	378	378	378	367	367
Enrollment	321	321	321	321	327	308	310	375
<u>Middle</u>								
Buildings	10	10	10	10	10	10	10	10
Square feet	47,647	47,647	47,647	47,647	47,647	47,647	47,647	47,647
Capacity	476	476	476	476	476	476	476	476
Enrollment	303	303	303	303	280	296	329	338
<u>High</u>								
Buildings	11	11	11	11	11	11	11	11
Square feet	89,805	89,805	89,805	89,805	89,805	89,805	89,805	89,805
Capacity	670	670	670	670	670	670	670	670
Enrollment	329	329	329	329	329	329	329	329
<u>Administrative</u>								
Buildings	1	1	1	1	1	1	1	1
Square feet	6,918	6,918	6,918	6,918	6,918	6,918	6,918	6,918
<u>Transportation</u>								
Garages	1	1	1	1	1	1	1	1
Buses	17	17	17	15	14	14	14	14
<u>Athletics</u>								
Football fields	1	1	1	1	1	1	1	1
Soccer fields	1	1	1	1	1	0	0	0
Running tracks	1	1	1	1	1	1	1	1
Baseball/softball	2	2	2	2	2	2	2	2
Swimming pools					1	1	1	1
Playgrounds	2	2	2	2	2	4	4	4

Source: The source of this information is the District's facilities records.

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**BENSON UNIFIED SCHOOL DISTRICT NO. 9
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2009**

**BENSON UNIFIED SCHOOL DISTRICT NO. 9
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2009**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Governing Board
Benson Unified School District No. 9

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benson Unified School District No. 9 as of and for the year ended June 30, 2009, which collectively comprise Benson Unified School District No. 9's basic financial statements and have issued our report thereon dated December 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Benson Unified School District No. 9's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Benson Unified School District No. 9's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Benson Unified School District No. 9's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 09-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benson Unified School District No. 9's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters that we reported to management of Benson Unified School District No. 9 in a separate document entitled Uniform System of Financial Records (USFR) Compliance Questionnaire dated December 8, 2009.

Benson Unified School District No. 9's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Benson Unified School District No. 9's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Governing Board, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld, Meech & Co.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

December 8, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Governing Board
Benson Unified School District No. 9

Members of the Board:

Compliance

We have audited the compliance of Benson Unified School District No. 9 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Benson Unified School District No. 9's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Benson Unified School District No. 9's management. Our responsibility is to express an opinion on Benson Unified School District No. 9's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Benson Unified School District No. 9's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Benson Unified School District No. 9's compliance with those requirements.

In our opinion, Benson Unified School District No. 9 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-2 and 09-3.

Internal Control Over Compliance

The management of Benson Unified School District No. 9 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Benson Unified School District No. 9's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Benson Unified School District No. 9's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-2 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be material a weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benson Unified School District No. 9 as of and for the year ended June 30, 2009, and have issued our report thereon dated December 8, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Benson Unified School District No. 9's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Benson Unified School District No. 9's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Benson Unified School District No. 9's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Governing Board, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld, Meech & Co.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

December 8, 2009

BENSON UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures and Transfers	Total Expenditures and Transfers
<u>U.S. Department of Education</u>				
Passed through Arizona Department of Education:				
Title I Grants	84.010	S010A080003	\$	\$ 290,186
Special Education Cluster:				
Special Education Grants	84.027	H027A080007	165,463	
Special Education Preschool Grants	84.173	H173A080004	<u>6,776</u>	
Special Education Cluster Total				172,239
Career and Technical Education	84.048	V048A080003		30,178
Twenty-First Century Community Learning Centers	84.287	S287C080003		59,437
Education Technology Grants	84.318	S318X080003		3,213
Rural Education Achievement Program	84.358	S358B090003		22,989
English Language Acquisition Grants	84.365	T365A080003		922
Improving Teacher Quality	84.367	S367A080049		42,946
Passed through Cochise Community College:				
Tech-Prep Education	84.243	5FCTDTP-570536-07A		2,602
Passed through Arizona Department of Economic Security:				
Rehabilitation Services - Vocational Rehabilitation Grants	84.126	E5321081		<u>74,774</u>
Total U.S. Department of Education				<u><u>699,486</u></u>
<u>U.S. Department of Agriculture</u>				
Passed through Arizona Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Commodities):				
National School Lunch Program	10.555	8AZ300AZ3	13,473	
Summer Food Service Program for Children	10.559	8AZ300AZ3	<u>425</u>	
Non-Cash Assistance Subtotal				13,898
Cash Assistance:				
School Breakfast Program	10.553	8AZ300AZ3	24,537	
National School Lunch Program	10.555	8AZ300AZ3	161,438	
Summer Food Service Program for Children	10.559	8AZ300AZ3	<u>5,091</u>	
Cash Assistance Subtotal				<u>191,066</u>
Child Nutrition Cluster Total				<u><u>204,964</u></u>
Total Expenditures of Federal Awards			\$	<u><u>904,450</u></u>

BENSON UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Benson Unified School District No. 9 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2009 *Catalog of Federal Domestic Assistance*.

NOTE 3 - MEDICAID REIMBURSEMENTS

The District received \$839 in Medicaid Fee for Service reimbursements during fiscal year 2008-09. However, the Medicaid Fee for Service reimbursements are not considered Federal awards in accordance with OMB Circular A-133, and therefore the related expenditures are not presented in this schedule.

NOTE 4 - E-RATE FUNDING

The District received \$32,583 of assistance associated with the E-Rate reimbursement program sponsored by the Federal Communication Commission, passed through the Universal Service Administrative Co. – Schools and Libraries Division. This assistance is not considered Federal awards in accordance with OMB Circular A-133, and therefore the related expenditures are not presented in this schedule.

**BENSON UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? X yes none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? X yes none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

 X yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X yes no

BENSON UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

**SECTION II - FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

09-1 CRITERIA

According to generally accepted accounting principles, goods or services must be paid for in the year they are received. Fiscal year-end accounts payable consist of liabilities for goods and services received on or before June 30 that have not been paid as of that date, including construction contracts payable. To properly establish these liabilities, the District should review construction contracts and certificates-of-payment and determine the amount of construction work completed but not paid as of June 30, and identify the amount as construction contracts payable. In addition, all costs incurred during the construction period should be recorded in the fiscal year services were received and accumulated in the construction in progress asset account until completion of the project. According to the Uniform System of Financial Records (USFR), liabilities payable at June 30, for levy funds must be included and reported by the District on the Advice of Encumbrance.

CONDITION/CONTEXT

Invoices for construction and architectural services totaling \$898,984 for services performed in fiscal year 2008-09 were paid from fiscal year 2009-10 funds. The related construction in progress was not included on the capital asset list. In addition, the amounts paid did not agree to the invoices in two cases resulting in an overpayment of \$142,127.

EFFECT

Expenditures, construction contracts payable, and capital assets were not properly accounted for and reported in accordance with generally accepted accounting principles and USFR guidelines. As a result, an audit adjustment was necessary to properly state the financial statements.

CAUSE

The District has not had construction activity for several years and the invoices were not processed properly due to the unfamiliarity with the construction progress payment documentation.

RECOMMENDATION

To help strengthen internal controls over year end cutoff and capital assets related to construction, a process should be developed to specifically review architectural and construction progress documents to ensure the correct payment is made and amounts are properly accounted for in the correct fiscal year.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The District will make sure that a process is put in place to review architectural and construction progress documents and that payments are applied to the correct fiscal year. Any necessary Advice of Encumbrance will be reported.

Also the District will ensure proper payment amounts by making sure that all invoices are attached to the voucher being approved for processing. By doing so, it will ensure that the payment on the voucher matches the invoice amount.

**BENSON UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

SECTION III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

U.S. DEPARTMENT OF AGRICULTURE

Finding Number: 09-2
Program Name: Child Nutrition Cluster
Pass-Through Agency: Arizona Department of Education

Questioned Costs: \$306
CFDA Numbers: 10.553, 10.555, 10.559
Grantor Number: 8AZ300AZ3

CRITERIA

For a child to be eligible for free or reduced price school meals, the household must submit a complete application. According to 7 CFR §§ 245.2 and 245.6, for households applying for free and reduced price school meals on the basis of income and household size, applications should document names of all household members; income received by each household member, identified by source of income; the signature of an adult household member; and the social security number of the adult household member who signs the application or an indication that he/she does not possess a social security number. In addition, according to 7 CFR sections 245.2(g), 245.3, and 245.6; sections 9(b)(1) and 17(c)(4) of the NSLA, 42 USC 1758 (b)(1) and 42 USC 1766(c)(4); sections 3(a)(6) and 4(e) of the CNA (42 USC 1772(a)(6) and 1773(e)), children from households with incomes at or below 130 percent of the Federal poverty level are eligible to receive meals or milk free under the School Nutrition Programs. Children from households with incomes above 130 percent but at or below 185 percent of the Federal poverty level are eligible to receive reduced price meals. Persons from households with incomes exceeding 185 percent of the poverty level pay the full price.

CONDITION/CONTEXT

During our review of the Child Nutrition Cluster Program we noted one of 40 Free and Reduced Price School Meals Family Applications was not complete; the signature of an adult household member was not included; the student was classified as eligible for free meals. In addition, for one of 40 applications reviewed, the application was classified as eligible for reduced prices meals rather than free meals; two other students were included on the application. The questioned cost associated with the incomplete and misclassified application was \$306, however, the projected questioned cost could exceed \$10,000.

EFFECT

An ineligible student was approved to receive free priced meals based on an incomplete application and students were misclassified for reduced priced meals rather than free meals resulting in over reimbursement of \$306 as well as the potential for other reimbursement inaccuracies.

CAUSE

The District's internal control system was not adequately designed to ensure that applications included all required information prior to approval for free or reduced priced meals. In addition, completed applications were not received after determination of eligibility classification.

BENSON UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

SECTION III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS
(Cont'd)

RECOMMENDATION

The District should carefully review the income applications to ensure completeness as defined in 7 CFR §245.2 prior to approval for free or reduced priced meals. Households submitting incomplete applications should be contacted to obtain the missing information prior to approval. In addition, the District should carefully review the income applications to ensure students are properly classified in accordance with the "Child Nutrition Programs, Income Eligibility Guidelines" issued by the United States Department of Agriculture.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

We have established procedures for the 2009-10 school year to have two individuals review the applications for completeness and accuracy. In addition, data in the computerized system is reviewed for accuracy.

We have also improved our recordkeeping by filing the applications by category (i.e. homeless, direct certified, foster child, free based on income, free based on case #, etc.), which enables us to make sure the required information for each of these categories is recorded properly.

Contact Person: Connie Ayres, Business Manger

Anticipated Completion Date: July 1, 2009

**BENSON UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

**SECTION III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS
(Concl'd)**

U.S. DEPARTMENT OF EDUCATION

Finding Number: 09-3	Questioned Costs: None noted.
Program Name: Title I Grants	CFDA Number: 84.010
Pass-Through Agency: Arizona Department of Education	Grantor Number: S010A080003

CONDITION/CONTEXT

The District did not meet the requirement that 100 percent of teachers of core academic subjects be highly qualified.

CRITERIA

According to 34 CFR, §200.55, all teachers of core academic subjects were to be highly qualified by fiscal year 2005-06.

EFFECT

The District is not in compliance with the requirement for highly qualified teachers.

CAUSE

The District, being a rural district, continues to have a teacher shortage in many subject areas.

RECOMMENDATION

The District should continue to implement guidance prescribed by the Arizona Department of Education to help ensure that all teachers meet the highly qualified requirement.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Due to the low funding formula in Arizona (which is ranked 49th in the nation in per pupil expenditures), teacher pay is low. Highly qualified teachers are not attracted to the teaching profession in Benson, due to the low pay, as well as being a rural district. The goal of the District is to hire highly qualified teachers, but in many instances highly qualified teachers are not available. Many of the highly qualified teachers are attracted to larger district or career ladder districts.

Contact Person: Connie Ayres, Business Manager
Anticipated Completion Date: Ongoing

BENSON UNIFIED SCHOOL DISTRICT NO. 9
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2009

Status of Federal Award Findings and Questioned Costs

CFDA No. 84.010

Program Name: Title I Grants

Finding No. 07-1

Status: Not corrected. See current year finding 09-3.

Views of Responsible Officials and Planned Corrective Actions:

Due to the low funding formula in Arizona (which is ranked 49th in the nation in per pupil expenditures), teacher pay is low. Highly qualified teachers are not attracted to the teaching profession in Benson, due to the low pay, as well as being a rural district. The goal of the District is to hire highly qualified teachers, but in many instances highly qualified teachers are not available. Many of the highly qualified teachers are attracted to larger district or career ladder districts.

CFDA Nos. 10.553, 10.555

Program Name: Child Nutrition Cluster

Finding No. 08-1

Status: Not corrected. See current year finding 09-2.

CFDA Nos. 10.553, 10.555

Program Name: Child Nutrition Cluster

Finding No. 08-2

Status: Fully corrected.